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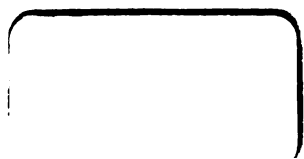
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THE LAW
OF
UNFAIR BUSINESS COMPETITION

INCLUDING CHAPTERS

ON

**Trade Secrets and Confidential Business Relations;
Unfair Interference with Contracts; Libel
and Slander of Articles of Merchandise,
Trade Names, and Business
Credit and Reputation**

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TRADE

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INTRODUCTION.

There is a maxim as old as law, that there can be no right without a remedy, but it is equally true that men are constantly acquiring new rights and new kinds of property almost unknown to the law, and in lawful ways are putting themselves into new positions, in which they soon suffer wrongs which the courts seem powerless to prevent, or to end. It seems, sometimes, as if the progress of the unscrupulous merchant and manufacturer in inventing new schemes for filching away the trade of others unfairly, has been far more rapid than that of the courts in finding ways of protecting the honest business man against such schemes. But whatever has been the activity of these unscrupulous members of the business community in the last decade, during this time very marked progress has been made by the law in developing rules and remedies relating to dishonest and unfair commercial practices.

It is but a few years since cases involving applications for relief against unfair dealing were indifferently classed as trade mark cases or injunction cases, or hidden away in digests under headings most surprisingly disassociated from ideas conveyed by the term Unfair Competition. Now we find that the phrases "Passing Off," in England, "Concurrence DeLoyale" in France and "Unfair Competition" in America are recognized legal terms, embracing rules of law applicable to cases of this character.

One reason for the growth of the law of unfair competition is probably to be found in the effects of the delay incident to suits at law for damages. Business lost and credit injured by misrepresentation or threats made by malicious or unscrupulous competitors, injury to brands of goods by the sale of inferior imitations, injury to reputation by fraudulent use of the name of a business house,—such losses cannot be compensated for by damages recovered at the end of a tedious

suit at law, occupying perhaps two or three years. Any adequate remedy must stop the injurious acts instanter, and this can be afforded only by use of the writ of injunction.

The law of unfair competition has developed in part also in response to a general feeling that the honest and fair-dealing merchant is entitled to the fruits of his skill and industry, and must be protected against loss caused by fraudulent and unfair methods used by business rivals. It is a recognition by the courts of the duty to be honest and fair in all relations of business life. This is one of the most healthful signs of the times. The gradual judicial development of this doctrine is an embodiment of the principles of sound common sense, business morality, although it involves nice discriminations between what may and what may not be done in honorable business rivalry.

Just what acts are to be included in the term competition it is hard to state. Formerly, business houses made the favor of the customer the principal object of their efforts. Now very often the customer figures little — the struggle being to obtain special privilege, monopoly or special rates, or to injure a competitor by ousting him from some vantage ground he has gained, or by inducing a breach of his contracts. All these acts are a part of the struggle for commercial success. They are acts done in business competition, and some of them are fair and honest methods of business rivalry and some are not. No attempt is here made to deal with all of them. But the fundamental rule that in business rivalry, no unfair or dishonest methods shall be tolerated, applies, on principle, to all of them.

Closely akin to the doctrines involved in the cases which are now definitely classed as unfair competition cases, are many undecided questions of large moment, just now. The right of persons, and especially corporations and associations, to compete by trying to eliminate and efface rivals from the race; the right of the multitude, acting in concert to do acts which are unquestionably the right of an individual acting alone to do; the legality of acts (otherwise legal) which are done with the definite intent to unfairly injure another but

done merely as a part of the business struggle to succeed and make money; these and many similar problems are yet to be solved in the light of present-day conditions.

Courts and legislatures cannot create fairness and honesty. Men must be free to manage their business enterprises in their own way. There must be competition. It is said that the doctrine long upheld by common law, that competition must be free and unrestricted has brought about the very evil of monopoly which the doctrine was aimed to prevent. Nevertheless, competition cannot be abolished; and it will be a long time before it ceases to play a very important and beneficial part in our civilization if its rules are founded in fairness and honesty.

Modern science has transformed into wealth much that in former days was waste. Similarly, modern conditions have given very great importance and value to parts of a business which formerly were considered worthless. And now the question is raised as to whether these new values are property,—the sort of property which equity protects? If they are, then the jurisdiction of our equity courts seems broader, in this respect, than is usually recognized.

President Taft in his inaugural address in 1909, says: "The proposition that business is not a property or pecuniary right which can be protected by equitable injunction is utterly without foundation in precedent or reason. The proposition is usually linked with one to make the secondary boycott lawful. Such a proposition is at variance with the American instinct, and will find no support in my judgment when submitted to the American people. The secondary boycott is an instrument of tyranny, and ought not to be made legitimate."

In the following pages will be found references to the discussion as to the power of equity to protect, not only the tangible parts of a business, but also its intangible rights and properties. The right decision of these questions is of far-reaching importance to the manufacturer and trader today, for unless the writ of injunction is preserved in its present form, both labor, capital and the general business world will lose their most effective bulwark against unfair and dishonest business practices.

In compiling, arranging and interpreting the authorities included, the writer has been very greatly aided by the able work of Frederick M. Herrick, Esq., of the New York Bar, and he wishes here to express his obligation to Mr. Herrick in that regard.

This volume refers only to the American and English cases and statutes. There are French statutes dealing with various features of unfair competition and many decisions of French courts relating to it. It has been thought wise not to attempt to treat them here, but instead to refer the reader for information to such works as M. Pouillet's book, "*Traite des Marques de Fabrique et de la Concurrence Deloyale*," Paris, 1906.

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32 Nassau Street, New York.

April, 1909.

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UNFAIR BUSINESS COMPETITION.

CHAPTER I.

WHAT IS UNFAIR COMPETITION?

- SECTION**
1. Unfair competition is not included in term trade-mark.
 2. Technical trade-marks.
 3. Common law, not trade mark statutes, the basis of the law of unfair competition.
 4. Difference between law of unfair competition and that of technical trade-marks.
 5. Technical mark is geographic in character, the right to it is limited territorially; not so with rights upheld by law of unfair competition.
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 20. Attitude of equity courts toward personal wrongs.
 21. What is infringement?
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Section 1. Unfair Competition is not Included in Term Trade-mark.— In the digests one usually finds unfair competition cases under the general head of trade-marks. This is

misleading; for the law of trade-marks does not include unfair competition, but rather the law that governs trade-marks and infringements of them is but a part of the law regulating unfair and dishonest competition and trade.

This misconception of the true meaning and scope of the doctrine of unfair competition may cause some to take issue with the writer, on the correctness of including in a book bearing the title of Unfair Competition, some of the classes of cases here included. It is believed, however, that the bar will be called upon more and more frequently to protect traders whose business is threatened with injury or destruction, from many sorts of dishonest or unfair competition beside those arising out of trade-marks and trade names. Referring to the development of Unfair Competition law, W. K. Townsend says: "Not yet fully adopted by all the courts, still to be developed in its application to particular circumstances and conditions, this broad principle of business integrity and common justice is the product and the triumph of the development of the law of trade-marks in the last half century, and the bulwark which makes possible and protects the world-wide business reputations common and growing more common in this new country."¹

Unfair competition is not confined to acts directed against the owners of trade-marks or trade names, but exists wherever unfair means are used in trade rivalry. Equity looks not at what business the parties before the court are engaged in, but at the honesty or dishonesty of their acts. It is unfair to pass off one's goods as those of another person; it is unfair to imitate a rival's trade name or label; but he who seeks to win trade by fair means or foul is not limited to these methods. He may copy and imitate the actual goods made or sold by a competitor,— he may libel or slander these goods, make fraudulent use of a family name, of trade secrets, of corporate names, of signs, of threats of action,— he may construct buildings which are reproductions of peculiar buildings of a rival, thus producing confusion in the minds of purchasers, which enables him to purloin his rival's trade, and in a hun-

¹ "Two Centuries Growth of American Law," Scribners, 1901.

dred other unfair ways secure another's trade. All acts done in business competition are either fair or fraudulent, equitable or inequitable, whether they relate to marks or not; and it is believed that the question of trade-marks will soon be lost sight of in discussing unfair competition, in the problem of securing, through the principles of equity, full protection to every merchant against unfair business methods.

To understand the present status of the subject, the definitions of what is called a technical trade-mark should be examined.

§ 2. Technical Trade-marks.—Trade-marks existed many years before the first Registration Act was passed.

"The following may be laid down as characteristics of a technical trade-mark: first, it must point distinctively, either by its meaning or by association, to the *origin* or *ownership* of the article to which it is affixed; second, it must be *affixed* or *applied* to a commercial article; third, it must be of such a nature that it can be rightfully *appropriated* by one person, to the exclusion of all others."²

"A trade-mark is an arbitrary, distinctive name, symbol, or device, to indicate or authenticate the origin of the products to which it is attached."³

"A trade-mark is a name, sign, symbol, mark, brand, or device of any kind, used to designate the goods manufactured or sold, or the place of business of the manufacturer or dealer in such goods. The exclusive right in a trade-mark is acquired by its use, which the law does not require shall be continued for any prescribed time."⁴

"A trade-mark is a symbol arbitrarily selected by a manufacturer or dealer and attached to his wares to indicate that they are his wares. In selecting such a device he must avoid words merely descriptive of the article or its qualities or such as have become so by use in connection with known articles of commerce. * * * When it has become generally known in the trade that this symbol or word has been taken

² Paul on Trade-marks, § 22. See A. 7th Cir.); *Sartor v. Schaden*, 125 Iowa 696-700-1904; 101 N. W. 511.

³ *Cole Co. v. American Cement Co.*, 130 F. R. 703-1904, at p. 705 (C. C. ⁴ *Shaver v. Shaver*, 54 Iowa 208-1880, at p. 270; 6 N. W. 158.

by one dealer or manufacturer to indicate his goods, he acquires a title to it for the purpose, and no one can use it even innocently." (Anonymous.)

"A trade-mark is a particular word, sign, symbol, or device which, by exclusive use, becomes recognized as the distinguishing mark of the owner's goods," and for the protection of which the aid of equity may be properly invoked."⁵

"The purpose of the trade-mark is to get before the public in a unique and impressive manner, the goods on which the mark is used and to distinguish such goods from all other goods on the market of the same class or description. It serves a two-fold purpose,—to protect the owner from unfair competition, and the public from being deceived."⁶

If a word which is *publici juris* be adopted as the name of a particular brand of goods, by user and association it may come to be the common everyday meaning of that one brand, besides retaining its original meaning. When a public name is so used it is just as much a trade-mark as the most fanciful made-up word known; and it will be protected, not as a technical mark which is the sole property of one man, but as a mark identifying goods; and it receives such protection under the law of unfair competition. It will be noticed that none of these definitions of a trade-mark or trade name requires any action on the part of the government, either state or national. Certain of the states, however, have statutes providing for the registration of trade-marks and names; and Congress has provided for the registration of trade-marks by the following Act of May 4, 1906: Sec. 16, "That the registration of a trade-mark under the provisions of this Act shall be *prima facie* evidence of ownership. Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy or colorably imitate any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as

* High on Injunctions, § 1063.

v. *Maltine Co.*, 30 App. Cas. (D. C.)

* *Peter Schoenhofen Brewing Co.* 340-3-1908.

those set forth in such registration, and shall use or shall have used such reproduction, counterfeit, copy or colorable imitation in commerce among the several states or with a foreign nation or with the Indian tribes shall be liable to an action for damages therefor at the suit of the owner thereof," etc.

The Supreme Court of the United States thus speaks of the relation of trade-marks to legislation: "The right to adopt and use a symbol or device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons, has been long recognized by the common law and the chancery courts of England and of this country. * * * It is a property right for the violation of which damages may be recovered in an action at law, and the continued violation of it will be enjoined by a court of equity with compensation for past infringement. This exclusive right was not created by the act of Congress and does not now depend upon it for its enforcement. The whole system of trade-mark property and the civil remedies for its protection existed long anterior to that act (viz., Act of July 8, 1870), and have remained in full force since its passage."¹

The term "technical trade-mark" seems to mean that the mark is one that is fanciful to such an extent that it may become the sole property of him who makes it up, just as a tree that one plants on his own ground or a piece of furniture that one makes with his own hand of his own material is his. There is a real difference between such a name and one which is primarily a word *publici juris*, but is also a trade-mark.

The term "technical trade-mark" may therefore be said to refer to common law trade-marks, those marks which were considered trade-marks before the law of unfair competition was generally understood. It does not mean a mark that has been registered.

The law governing the right of action given by the above-mentioned statutes is not considered here; attention being confined to cases of unfair trade in competition.

§ 3. Common Law, not Trade-mark Statutes, the Basis of the Law of Unfair Competition.—These statutes have

¹ Trade-Mark Cases, 100 U. S. 82-100.

made no change in the law of trade-marks or in the law relating to unfair competition.

"Registration under the statute confers no new rights to the mark claimed or any greater rights than already exist at common law without registration."⁸

"The registry of a trade-mark under this law adds nothing to the right of ownership therein (except jurisdiction in the United States Court, of doubtful constitutionality) and takes nothing away from such ownership."⁹

The effect of the Federal act is three-fold: (a) it creates a permanent record of the date of adoption and use of a mark; (b) gives jurisdiction to the Federal courts where all parties are citizens of the same state;¹⁰ (c) enables treaty stipulations to be carried out.¹¹ Common law rights as to trade-marks remain unaffected, for the statute expressly states: "Nothing in this act shall prevent, lessen, impeach or avoid any remedy at law or in equity, which any party aggrieved by any wrongful use of any trade-mark might have had, if the provisions of this chapter had not been enacted."¹²

The same is true of the English Trade-Marks Act. Speaking of it, Cotton, L. J., says that formerly when a court passed on a trade-mark question, a trade-mark signified a "mark to the use of which the plaintiff had by user entitled himself, and the injunction was obtained where the defendant was marking his goods with a mark so similar to that used by the plaintiffs as to be calculated to pass them off as the goods of the plaintiffs. Of course, in order to enable the court to arrive at that conclusion, it had to be shown that the plaintiffs had for a period of time been selling their goods with a mark which distinguished them. For the purpose of seeing whether or not the mark upon their goods did distinguish them, it was of course necessary to see what marks were in common use by the trade as regards that particular class of goods, and then, having ascertained that fact, it had to be considered whether, having regard to the marks which were in common use, what was

⁸ 28 Am. & Eng. Encyc. 435.

Co., 89 F. R. 664-1898 (C. C. Cal.).

⁹ *Sarrazin v. W. R. Irby Cigar Co.*, 93 F. R. 624-27-1899 (C. C. A. 5th Cir.); 46 L. R. A. 541n.

¹¹ *U. S. v. Duell*, 17 App. Cas. D. C. 575-1901.

¹⁰ *Hennessy v. Brannschweiger &*

¹² Act of 1905, § 23.

being done by the defendants was calculated to pass off their goods as the goods of the plaintiffs. How is this altered? It was contended in argument that the Trade-Marks Act has entirely altered the question. I do not say that the effect of the act may not be to give a person an absolute right to the registered trade-mark so as to entitle him to restrain another person from selling goods with that mark upon them without reference to the question whether or not the goods are sold under such circumstances as to pass them off as the goods of the plaintiffs. I say nothing upon that point, but I say that, in my opinion, the act in no way interferes with the exercise by a court of equity of its old jurisdiction. What the act does, as I understand it, is this: It enables persons to register a trade-mark, and when they register it that is equivalent to evidence of public use of it by them, and during five years the registration is *prima facie* evidence of their exclusive right to it, and after the five years it is conclusive evidence of such right.”¹³

Registration does not in any way conclude any property rights in a mark. All parties interested are free after registration to maintain whatever rights they may have in law or in equity.¹⁴

§ 4. Difference Between the Law of Unfair Competition and that of Technical Trade-marks.—The use of a special mark in connection with particular goods or a particular business is a representation that those goods or that business are the goods or business of the person to whom the mark belongs; that they belong to the person with whom the mark has become identified. If such representation is false, a case of unfair competition exists. The law of trade-marks, therefore, is merely a specialized branch of the broader doctrine of unfair competition. Relief in trade-mark cases is afforded upon the express ground that every person is entitled to secure such profits as result from a reputation for superior skill, industry, or enterprise, or, in other words, from his good-will. But, as has just been seen, this is the precise principle upon which relief is afforded in cases of unfair competition. The right of

¹³ *Mitchell v. Henry*, 15 Ch. Div. *Silver Co.*, 30 App. Cas. (D. C.) 181-92-1880. 97-105-1908.

¹⁴ *Wm. A. Rogers v. International*

action in technical trade-mark cases is based upon the ground that an exclusive property right in the mark is claimed and that the mere use of a close imitation of it, by another, *ipso facto* creates a cause of action, regardless of the effect of such use or imitation. But the courts in the past have frequently lost sight of the broad general principles of unfair competition, and have sought to decide cases of unfair competition pure and simple, "upon principles analogous to trade-marks." The owner of a technical trade-mark claims it as his, regardless of the effect on others. If some one else uses it or imitates it, the owner claims a right of action because the mark is *his* and his alone.

After the value of the trade-mark in business had been realized, to an extent at least, many attempts were made to give a judicial definition of what constituted a trade-mark,—what, in other words, was such a name, mark, design or letter or other insignia as was capable of being justly and fairly appropriated exclusively by one person as his business mark or name. It was soon realized, however, that the basic problem was not whether a mark could be used by one person exclusively, or whether it could be registered under some statute, but whether fraud was resulting from the use to which it was being put. The result of this new view was the law of unfair competition, which is concerned only with the honesty and fairness of the use to which the mark is put, not with the question as to what is a technical trade-mark. To ascertain who has rights in a name or mark is just as important in an unfair competition case as in a technical trade-mark case, but this ownership does not hinge on whether or not the mark is a technical mark, for there may be various kinds or degrees of ownership in it, although none of them carry with it an exclusive right to use it.

Unfair competition does not necessarily involve the violation of any exclusive right to the use of a word, mark, or symbol. It may arise from the use of words, marks, or symbols which are free to everybody to use and are not subject to exclusive appropriation by any one. The existence of this right of action depends upon the question of fact, whether what was done in any special case tends to pass off the goods

of one man as being those of another, or tends to deprive any one of his rights. This is the only substantial distinction between cases of unfair competition, or passing off actions as they are called in England, and cases of infringement of trade-marks.

Where unfair competition is charged as to a name, the words making up the name may be purely generic or descriptive or may be indicative of general qualities such as style, size, shape, — words which are public property as much as are “the adjectives of the language.”¹⁵ All rival trades have an absolute right to use such words and names; but if one of these words, by long association with the goods of one person, has come to mean to the public his goods alone and not such goods in general, then any other person will be prohibited from using them. In the words of *Dennison Mfg. Co. v. Thomas Mfg. Co.* (*supra*), such a trader “will not be permitted, with intent to mislead the public, to use such words, marks, or symbols in such a manner, by trade dress or otherwise, as to deceive or be capable of deceiving the public as to the origin, manufacture, or ownership of the articles to which they are applied; and the latter may be required, when using such words, marks, or symbols, to place on articles of his own production or the packages in which they are usually sold something clearly denoting the origin, manufacture, or ownership of such articles, or negating any idea that they were produced or sold by the former.”

The foundation principle is the same, in both trade-mark and unfair competition cases, and that is that no manufacturer or trader should be allowed to dress up his goods in such a style and form, and by the use of such names and marks, or colorable imitations thereof or to mark his goods in a way calculated to mislead the public, or to induce purchasers to buy his goods as for the goods of some other trader, who, by the adoption of certain distinctive marks and indicia, and by a course of fair dealing, has made the public familiar with and friendly to his goods under these marks. Both actions rest upon the same principle, which is that no man has a right to

¹⁵ *Dennison Mfg. Co. v. Thomas Mfg. Co.*, 94 Fed. 651-1899 (C. C. Del.).

pass off his goods upon the public as and for the goods of another. "Inasmuch as the testimony shows unfair competition which entitled them (plaintiffs) to an injunction, it is deemed unnecessary to discuss the distinction which seemed to differentiate this case from one of trade-mark, pure and simple, the foundation principle upon which relief is granted being substantially the same and the like remedy invoked."¹⁶

Again, "An infringement of a trade-mark consists in the use of the genuine upon substituted goods or of an exact copy or reproduction of the genuine, or in the use of an imitation in which the difference is colorable only, and the resemblance avails to mislead so that the goods to which the spurious trade-mark is affixed are likely to be mistaken for the genuine product; and this upon the ground that the trade-mark adopted by one is the exclusive property of its proprietor, and such use of the genuine, or such imitation of it, is an invasion of his right of property. Unfair competition is distinguishable from the infringement of a trade-mark in this: that it does not necessarily involve the question of the exclusive right of another to the use of the name, symbol, or device. A word may be purely generic or descriptive, and so not capable of becoming an arbitrary trade-mark, and yet there may be an unfair use of such word or symbol which will constitute unfair competition. Thus a proper or geographical name is not the subject of a trade-mark, but may be so used by another, unfairly producing confusion of goods, and so come under the condemnation of unfair trade, and its use will be enjoined. The right to the use of an arbitrary name or device as indicia of origin is protected upon the ground of a legal right to its use by the person appropriating it."^{16a}

The first case involving a trade-mark or trade-name in which the courts in America granted an injunction was decided in 1844, by Judge Story. This was the "Taylor's Persian Thread" case. This entire body of law relating to trade-marks and unfair trade has developed in the past fifty-five years.

¹⁶ *Scriven v. North*, 134 Fed. 366-80-1904 (C. C. A. 4th Cir.), 67 C. C. A. 348.

^{16a} *G. W. Cole Co. v. American Cement Co.*, 130 Fed. 703-1904, at p. 705 (C. C. A. 7th Cir.).

“ During this period of growth the courts, at first inclined to develop the law along narrow and technical lines, have come to see more and more clearly the fundamental principles upon which to act in extending this protection of the law to the achievements of business. Now the technical doctrines are less and less employed and one simple just rule is invoked. The law of trade-marks is disappearing in a broader principle which prohibits unfair trade.”¹⁷

A similar statement is made in *Church & Dwight Co. v. Russ*.¹⁸ “ The tendency of the courts at the present time seems to be to restrict the scope of the law applicable to technical trade-marks, and to extend its scope in cases of unfair competition.”

§ 5. Technical Mark is Geographic in Character; the Right to it is Limited Territorially; not so with Rights Upheld by Law of Unfair Competition.— Again, a trade-mark, if registered, is of necessity geographical, and the rights under it extend to the full limits of the jurisdiction granting rights to its owner.

Not so with a trade name or mark in which no one has rights except by reason of the doctrine of unfair competition. A right of this sort and a right in the secondary use of a word or mark is of value only in the locality where usage and common knowledge render the right valuable.¹⁹

§ 6. Early Uses of the Term Unfair Competition.— The law of unfair competition has sometimes been a favored doctrine of the courts, and at other times it has been looked upon as overriding other rules of law which the courts must preserve. Some of the early cases are given below as showing the beginnings of the doctrine. Lord Hardwicke refused an injunction in the case of *Blanchard v. Hill*.²⁰ This was an action to

“Two Centuries Growth of American Law,” Scribners, 1901, by Faculty of Yale Law School, p. 436.

¹⁷ 99 Fed. 276-78-1900 (C. C. Ind.).

¹⁸ *Sartor v. Schaden*, 125 Iowa 696-1904; 101 N. W. 511. See also *Der-ringer v. Plate*, 29 Cal. 293-1865; *Richter v. Reynolds*, 59 Fed. 577-

1893 (C. C. A. 3d Cir.); *City of Carlsbad v. Kutnow*, 71 Fed. 167-1895 (C. C. A. 2d Cir.); *Draper v. Skerrett*, 116 Fed. 206-1902 (C. C. E. D. Pa.); *Hainque v. Cyclops Iron Works*, 136 Cal. 351-1902; 68 Pac. 1014.

²⁰ 2 Atk. 484-1742.

restrain the defendant from using the Mogul stamp on his cards. The plaintiff, in conformity with the charter granted to the Cardmaker's Company by King Charles I, had appropriated the stamp to himself, and so considered the sole right to be in him. His lordship said: "Every particular trader has some particular mark or stamp; but I do not know any instance of granting an injunction here, to restrain one trader from using the same mark with another; and I think it would be of mischievous consequence to do it." He then referred to a case cited in *Southern v. How*,²¹ where an action was brought by a cloth worker against another of the same trade for using the same mark, and judgment was given that the action would lie; but added, "it was not the single act of making use of the mark that was sufficient to maintain the action, but doing it with a fraudulent design, to put off bad cloths by this means, or to draw away customers from the other clothier."

Lord Eldon in *Hogg v. Kirby*,²² a case decided in 1803, speaks of "fair competition:" and it is doubtful if the term "fair competition" or "unfair competition" had been used prior to that time. The body of law now referred to as the doctrine of unfair competition has been but recently known under that name. This is shown by the fact that Mr. Cox, in his well-known "Manual of Trade-Mark Cases," published in 1892, refers in his index to but eight cases as unfair competition cases, although many of the cases he includes in the volume are now frequently cited as laying down the fundamental rules of that law. It is now certain that it is a part of the general body of law; and that the doctrines on which it is based will, in the future, be applied more and more widely to prevent unfair and dishonest trading. "The original foundation of the whole law is this, that when one knowing that goods are not made by a particular trader sells them as and for the goods of that trader, he does that which injures that trader. At first it was put upon the ground that he did so when he sold inferior goods as and for the trader's; but it

²¹ Poph. 144.

²² 8 Vesey Jr. 215-1803.

is established alike at law²³ and in equity,²⁴ that it is an actionable injury to pass off goods not known to be the plaintiff's as and for the plaintiff's, even though not inferior."²⁵

It is, then, in reality the name, unfair competition, that is new, not the theory bearing the name; and relief formerly given, as the courts have so often expressed it, "on principles similar to those of trade-mark cases" was relief based on the principles of unfair competition.

Sebastian on Trade-Marks has a chapter on "Cases Analogous to those of Trade-Mark," Broome on Trade-Marks one on "Rights Analogous to Those of Trade-Marks."

§ 7. Growth of Doctrine of Unfair Competition.—Unfair competition is generally said to be of recent origin, but this is not strictly true as is seen from the foregoing cases: For a long time, most cases involving the general principles now forming the law of unfair competition arose over trade-marks and infringements of them. In more recent times these or similar principles have been more and more often invoked in cases of unfair dealing where no trade-mark was at issue. Cases that would now be considered instances of unfair competition were decided, in the past, on principles that were invoked because the case was said to be similar to trade-mark cases, when in reality the general principle was much broader than the trade-mark question, and the facts actually showed a clear case of unfair competition, there being no question of a technical trade-mark of any sort involved. For a time the law of unfair competition seemed to remain undeveloped, but it is now realized that the rules of technical trade-mark law are confined to narrow limits while those of the law of unfair competition are sufficiently basic and elastic to be applied to many questions beside those arising out of trade-marks.

The relief the courts now give does not, as formerly, rest on the theory that the plaintiff has property in his mark or name or business, but on the broad general principle that one person shall not by use of any mark, symbol, device or name or in any other way pass off his goods as those of another,

²³ *Blofield v. Payne*, 4 B. & Ad. 410-1833.

²⁴ *Singer Mfg. Co. v. Loog*, L. R. 8 App. Cas. 15-1882, at p. 29.

²⁵ *Edelsten v. Edelsten*, 1 De G. J. & S. 185-1863.

the object of this rule being to protect this right of the plaintiff to the profits of his own business and industry.

The case of *Singleton v. Bolton*²⁷ decided in 1783 shows the use of these principles at an early date.

§ 8. Early Cases Involving Unfair Competition.—Judge Duer in *Amoskeag Mfg. Co. v. Spear*²⁸ founds the doctrine of unfair competition on these cases: *Blofeld v. Payne*,²⁹ *Crawshay v. Thompson*,³⁰ *Knott v. Morgan*,³¹ *Croft v. Day*.³² They are given below:

Blofeld v. Payne was an action on the case, before a jury, for damages, decided in 1833. Plaintiff made hones, which he sold wrapped in a peculiar envelope, which served, he alleged, to distinguish his hones from other kinds. He acquired a great reputation for the quality of his hones. Defendant used similar wrappers and words on them which denoted they were of the plaintiff's make. Plaintiff recovered 1 farthing damage; and on appeal the verdict was upheld. The opinion was in substance as follows: The act of the defendants was a fraud against the plaintiff. The defendants used plaintiff's envelope and pretended it was their own; they had no right to do that, and the plaintiff was entitled to recover some damages in consequence.

Crawshay v. Thompson.³³ The gist of this action is the selling iron made by the defendants as and for iron of the plaintiff's manufacture; that the plaintiff having used a certain mark in

²⁷ 3 Dougl. 293.

"Thomas Singleton, the plaintiff's father, sold a medicine called 'Dr. Johnson's Yellow Ointment.' The plaintiff, after his father's death, continued to sell the medicine, marked in the same way. The defendant also sold the medicine, with the same mark, and for that injury the present action was brought. * * * Lord Mansfield said, that if the defendant had sold a medicine of his own, under the plaintiff's name or mark, that would be a fraud for which an action would lie. But here both the plaintiff and defendant use the name

of the original inventor, and no evidence was given of the defendant having sold it as if prepared by the plaintiff. The only ground on which the action could have been maintained was that of property in the plaintiff, which was not pretended, there being no patent, nor any letters of administration.

"Rule discharged."

²⁸ 2 Sandf. 599-1849.

²⁹ B. & A. 410-1833.

³⁰ 4 Man. & Gr. 357-1842.

³¹ 2 Keen 213-1836.

³² 7 Beav. 84-1843.

³³ 4 Man. & Gr. 357-1842.

the manufacture of his iron, the defendants knowingly made and sold their iron with a mark, imitating that used by the plaintiff, in order to denote that such iron was manufactured by the plaintiff. The argument in effect amounts to this,— if the defendants sold their iron as and for the plaintiff's, whatever may have been their motive for so doing, they are liable. The opinion was in part as follows:

“ There is an early case in illustration of this principle, cited by Doderidge, J., in *Southern v. How*, to this effect, as stated in Popham, pp. 143-4. ‘An action upon the case was brought in the Common Pleas by a clothier, that, whereas he had gained great reputation for his making of his cloth, by reason whereof he had great utterance, to his great benefit and profit; and that he used to set his mark to his cloth; and another perceiving it, used the same mark to his ill-made cloth on purpose to deceive him; and it was resolved that the action did well lie.’ The same case is cited also in Cro. Jac. 471; but it is there said that the action was brought by him who bought the cloth; whereas, in Popham, the action is said to have been brought by the manufacturer, and the gist of the action appears to have been the use of his mark ‘on purpose to deceive.’ ” (id. p. 385.)

“ Can it be contended that the mere use of a similar mark will give a right of action? I do not know that a man can have an abstract right to use any particular mark; but long user in a trade of a mark may produce a general impression that goods bearing such mark are of a particular manufacture. The notice here, although it was argued that it ought to have determined the case in favor of the plaintiff, cannot alter the legal rights of the parties. *Millington v. Fox*,³⁴ which was relied upon, does not establish that doctrine. What is the notice here? It is to the effect that the defendants were using a mark similar to that used by the plaintiff. But such a notice is not equivalent to knowledge; as the defendants might dispute the resemblance; or they might admit the resemblance, and yet insist that they had no intention of passing off their goods as the plaintiff's ” (id. 386).³⁵

³⁴ 3 Myl. & Cr. 388-1838.

³⁵ *Crawshaw v. Thompson*, 4 Man. & Gr. 357-1842.

In *Knott v. Morgan*,³⁶ the plaintiff ran a conveyance company, which marked their buses "Conveyance Company" and "London Conveyance Company." Defendant began to run over route used by plaintiff a bus on which were painted these same words in similar characters and on the same parts of the omnibuses, and he also imitated the livery of the plaintiff's employees.

M. R. "I have not the least doubt that the defendant did intend to induce the public to believe that the omnibus which he painted and appointed, so as to resemble the carriages of the plaintiffs, was, in fact, an omnibus belonging to the plaintiffs. * * * They had a right to call upon this court to restrain the defendant from fraudulently using precisely the same words and devices which they have taken for the purpose of distinguishing their property, and thereby depriving them of the fair profits of their business by attracting custom on the false representation that carriages, really the defendant's, belong to, and are under the management of, the plaintiffs." (id. p. 219.)

In *Croft v. Day*,³⁷ Day's father began in 1801 with one Martin to make blacking. Day, senior, and Martin died and Day's executors, one of whom was the plaintiff, carried on the business, and sought to prevent defendant from making blacking. The court said in substance, that the accusation made against this defendant is that he is selling goods, under form and symbols of such a nature and character as will induce the public to believe that he is selling the goods which are manufactured at the manufactory belonging to the testator in this case. "It has been very correctly said, that the principle, in these cases, is this: That no man has a right to sell his own goods as the goods of another. You may express the same principle in a different form, and say that no man has a right to dress himself in colors, or adopt and bear symbols, to which he has no peculiar or exclusive right, and thereby personate another person for the purpose of inducing the public to suppose, either that he is the other person, or that he is connected with and selling the manufacture of such other person, while he is

³⁶ 2 Keen 213-1836.

³⁷ 7 Beav. 84-1843.

really selling his own. It is perfectly manifest, that to do these things is to commit a fraud, and a very gross fraud.

* * * The right which any person may have to the protection of this court, does not depend upon any exclusive right which he may be supposed to have to a particular name, or to a particular form of words. His right is to be protected against fraud, and fraud may be practiced against him by means of a name, though the person practicing it may have a perfect right to use that name, provided he does not accompany the use of it with such other circumstances as to effect a fraud upon others."

"It is perfectly manifest, that two things are required for the accomplishment of a fraud such as is here contemplated. First, there must be such a general resemblance of the forms, words, symbols, and accompaniments as to mislead the public. And, secondly, a sufficient distinctive individuality must be preserved, so as to procure for the person himself the benefit of that deception which the general resemblance is calculated to produce. To have a copy of the thing would not do, for, though it might mislead the public in one respect, it would lead them back to the place where they were to get the genuine article, an imitation of which is improperly sought to be sold. For the accomplishment of such a fraud it is necessary, in the first instance, to mislead the public, and in the next place, to secure a benefit to the party practicing the deception by preserving his own individuality." * * *

"My decision does not depend upon any peculiar or exclusive right the plaintiffs have to use the names Day and Martin, but upon the fact of the defendant using these names in connection with certain circumstances, and in a manner calculated to mislead the public, and to enable the defendant to obtain, at the expense of Day's estate, a benefit for himself, to which he is not, in fair and honest dealings, entitled. Such being my opinion, I must grant the injunction restraining the defendant from carrying on that deception. He has a right to carry on the business of a blacking manufacturer honestly and fairly; he has a right to the use of his own name; I will not do anything to debar him from the use of that, or any other name calculated to benefit himself in an honest way;

but I must prevent him from using it in such a way as to deceive and defraud the public, and obtain for himself, at the expense of the plaintiffs, an undue and improper advantage." (id. p. 88-90.)

Judge Duer might also have named the case of *Hogg v. Kirby*,⁸⁸ decided in 1803 by Lord Eldon, which clearly lays down the fundamental rules of the law we now know as the law of unfair competition. Hogg was publisher of the "Wonderful Magazine." A dispute arose as to altering the title of it and Kirby refused to allow his name to be used longer as publisher. Later, plaintiff issued hand bills saying he would thereafter publish the magazine and began to do so. Thereupon Kirby and another began to publish a periodical under a similar title as a "New Series Improved." Plaintiff asked that defendants be enjoined from selling their publication and from printing any future number under the same or a similar title or using the design of plaintiff's magazine and an account. Lord Eldon said: "But the question is, whether he has not published this work, not as his original work, but as the continuation of the work of another person. Then what is the consequence in law and equity? If that question is determined in the affirmative, a court of equity in these cases is not content with an action for damages; for it is nearly impossible to know the extent of the damage; and therefore the remedy here, though not compensating the pecuniary damage except by an account of the profits, is the best: the remedy by an injunction and account." (p. 223.) "In this case, protesting against the argument, that a man is not at liberty to do anything which can affect the sale of another work of this kind, and that, because the sale is affected, therefore there is an injury (for if there is a fair competition by another original work, really new, be the loss what it may, there is no damage or injury), I shall state the question to be, not whether this work is the same, but, in a question between these parties, whether the defendant has not represented it to be the same; and whether the injury to the plaintiff is not as great, and the loss accruing ought not to be regarded in equity upon the same principles between them,

⁸⁸ 8 Vesey Jr. 215.

as if it was in fact the same work. Upon the point, whether the work was in fact meant to be represented to the public as the same, I do not say, that is not a question proper for a jury. But I must act upon the inference from the circumstances; and it is impossible not to say, till this is better explained, an intention does appear both upon the transaction as to the fifth number and the other circumstances, in some degree upon the appearance of the outside, in a great degree upon the first page, the index, and the promised contents, to state this as a continuation of the former work, in a new series indeed. I am not here to speculate upon the probable consequences of such conduct; for I have the actual consequences, as far as fair reasoning can determine, that out of 2,000 purchasers 1,800 have bought this as part of the old work. The point, where he who carries his work into the world as that of another person, shall not as between them be considered as publishing that work, if the consequences are the same, is new, and therefore fit to be discussed elsewhere as well as here. I must incur the hazard of occasioning finally some injurious consequences to one party or the other" (id. p. 225-6).

§ 9. Law of Unfair Competition does not Curtail Freedom of Honorable Trading.—All this law of unfair competition might seem to have the effect of limiting the rights enjoyed by all men to trade freely with each other. But the restrictions imposed by it are not imposed upon traders alone, but equally on all other citizens. The right to trade is not an absolute right, but a qualified one. Whether a man be a trader or not he is not justified in damaging another's business or profession by fraudulent methods, by threats, interference with contract, libel or slander of goods, obstruction, or unfair methods of any sort. It is the policy of the law to encourage fair trade in every way. "We have then to inquire whether mere competition, directed by one man against another, is ever unlawful. It was argued that the plaintiffs have a legal right to carry on their trade, and that to deprive them of that right by any means is a wrong. But the right of the plaintiffs to trade is not an absolute but a qualified right, a right con-

ditioned by the like right in the defendants and all Her Majesty's subjects, and a right therefore to trade subject to competition. Now, I know no limits to the right of competition in the defendants — I mean, no limits in law. I am not speaking of morals or good manners. To draw a line between fair and unfair competition, between what is reasonable and unreasonable, passes the power of the Court. Competition exists when two or more persons seek to possess or to enjoy the same thing: it follows that the success of one must be the failure of another, and no principle of law enables us to interfere with or to moderate that success or that failure so long as it is due to mere competition. I say mere competition, for I do not doubt that it is unlawful and actionable for one man to interfere with another's trade by fraud or misrepresentation, or by molesting his customers, or those who would be his customers, whether by physical obstruction or moral intimidation." ³⁹

§ 10. Property Rights in Marks which are not Technical Trade-marks.—The difference most often noted between technical trade-mark cases and those involving unfair competition seems to rest on the fact that, in technical trade-mark cases, the complainant has a distinct property interest in the technical mark, while in cases of unfair competition he is said to have no property interest in that which the defendant has used or imitated to his injury or damage. Nevertheless, he has defrauded the plaintiff of something, and that something is valuable. A name may be public property, and yet, if someone acquire right to use it exclusively, in a limited field even, that right is valuable. The right of the Saxon villager to use the common as a pasture was a limited right, yet it was property.

Where the complainant is adjudged to have a distinct and sole property right to use his mark, the court will enjoin injury to it regardless of the intent of the offender. But where his mark is something that is free to both parties to use, as, for instance, the name of the family to which both belong, and which, therefore, cannot be the complainant's

³⁹ *Mogul SS. Co. v. McGregor, Gow & Co.*, L. R. 23 Q. B. 598-625-1889.

property exclusively, the court may find the complainant to possess something in connection with that name which it must protect. Many judges have called that something property, while more have denied it to be property.

This intangible interest in a mark, used by the maker or vendor of the article to which it is attached, and which is protected by the application of the rules of unfair competition, may perhaps be termed the good-will of the seller in such a mark. The courts seem to distinguish this right, whatever it be called, from the property of the owner of a technical trade-mark in that mark, although the good-will in a trade name or mark, not a technical one, would seem to be quite analogous to what is usually termed the good-will in a business which is undoubtedly property. For instance, in the case of *American Washboard Co. v. Saginaw Mfg. Co.*,⁴⁰ no trade-mark was in question, and the ground of the injunction issued was the invasion of the plaintiff's property rights.⁴¹

The property rights in a particular business consist in part in its good-will in the marks used on its goods, in its stand or locality, in its name, and all of these things are under the protection of a court of equity.⁴² These features were valuable

* 103 F. R. 281-1900 (C. C. A. 6th Cir.); 50 L. R. A. 609.

"The case opens with the specific statement that no claim was made by the plaintiff that it possessed a technical trade-mark. "Plaintiff comes into a court of equity in such a case (viz. unfair competition) for the protection of his property rights. The private action is given, not for the benefit of the public, although that may be its incidental effect, but because of the invasion by defendant of that which is the exclusive property of complainants" (id. 284). And again the court said, "The jurisdiction of a court of equity to restrain wrongful use of such trade-marks by persons not entitled thereto, is founded, not upon the imposition upon the public,

but on the wrongful invasion of the right of property therein which has been acquired by others. A remedy is offered only to the owner of the right of property in such trade-marks on account of the injury which is thus done to him" (id. 285).

Leather Cloth Co. v. Am. Leather Cloth Co., 11 H. L. Cas. 523-1863. "The true principle, therefore, would seem to be that the jurisdiction of the court in the protection given trade-marks rests upon property, and that the court interferes by injunction, because that is the only mode by which property of this description can be effectually protected."

"*Hall v. Barrows*, 9 Jurist, N. S. 483-1863; 4 De G. J. & S. 150.

formerly, but now they may sell for many times what all its personal property of other sorts will bring. Their value is frequently the result of the most expensive advertising, and a court of equity protects this zealously from being lost to its owner through unfair methods. "Money invested in advertising is as much a part of a business as if invested in buildings or machinery, and when the goods of a manufacturer have become popular, not only because of their intrinsic worth, but also by reason of the ingenious, attractive, and persistent manner in which they have been advertised, the goodwill thus created is entitled to protection against unfair competition."⁴³ Referring to the case of *Millington v. Fox*,⁴⁴ Lord Chancellor Westbury in *Hall v. Barrows*,⁴⁵ says: "The case * * * is very important as establishing the principle that the jurisdiction of the court in the protection of trade-marks rests upon property, and that fraud in the defendant is not necessary for the exercise of that jurisdiction." Later in this opinion, referring to plaintiff's trade name, he said (p. 157) that "the trade-mark is a valuable property of the partnership * * * and may be properly sold with the works, and, therefore, properly included as a distinct subject of value in the valuation to the surviving partner." This statement was made in 1863, when the law now connected with "technical marks" was hardly known.

Blackburn says of this case:⁴⁶ "And I think it settled by a series of cases, of which *Hall v. Barrows*⁴⁷ is, I think, the leading one, that both trade-marks and trade names are in a certain sense property, and that the right to use them passes with the goodwill of the business to the successors of the firm that originally established them, even though the name of that firm be changed so that they are no longer strictly correct. This was evidently Lord Cottenham's opinion in *Millington v. Fox*,⁴⁸ and I know of no authority against it." A trade name may be either the name of the manufacturer of goods or some name

⁴³ *Hilson Co. v. Foster*, 80 F. R. 896-1897 (C. C. S. D. N. Y.).

⁴⁴ 3 Myl. & Cr. 338-1838.

⁴⁵ 4 De G. J. & S. 150-56-1863.

⁴⁶ *Singer Mfg. Co. v. Loog*, L. R. 8 App. Cas. 15-33-1882.

⁴⁷ 4 De G. J. & S. 150-1863.

⁴⁸ 3 Myl. & Cr. 338-1838.

by which the manufactured goods have become generally known. There is a kind of property in such a name and interference with it will be restrained by the court if there is a prospect of injury to the owner of it.⁴⁹

§ 11. Exclusive Right to a Name or Mark not Necessary to Action.—In an action for unfair competition it is not necessary that the plaintiff should have an absolute and exclusive right to the distinguishing marks which he alleges the defendant has wrongfully used. The defendant may be properly enjoined in such an action, although undoubtedly entitled to use the name or mark in question, provided that he uses it in such a way as not to injure the complainant. There need be no exclusive right in the complainant. A definite property right may arise in a name or mark, although it is not a technical trade-mark. This right is qualified and not exclusive, but, like the rights in a technical mark, is valuable in a very real sense. It is settled law that the right to use a technical trade-mark is not a privilege attaching only to the person first using it, but an actual property right, capable of being dealt in and of being transferred as property from person to person.⁵⁰ This is equally true of names and marks that are not technical trade-marks. A dealer has acquired valuable interests in some name, by long use as a trade name. He may sell such right as he has in that name for value and give good title. If another steals his business by using a similar and confusing name, his damage is none the less real because his mark is not a technical trade-mark. To protect his rights he needs only to prove his ownership of such an interest.

§ 12. Property Right Which is Acquired in a Trade-mark is a Limited Right.—Where one has a property right in a name, he does not have a general abstract right to or ownership in that name. A soap manufacturer cannot complain of one who uses a name which he uses in the soap business as a name of a brand of iron.^{50a} The exclusive use of a

⁴⁹ Citing *Borthwick v. Evening Post*, 37 Ch. Div. 449-1888; 12 Encyc. of the Laws of England, 234-5.

⁵⁰ Paul, Trade-Marks, § 17, and cases there cited.

^{50a} But see *Walter v. Ashton*, 71 L. J. Ch. 839-1902; *Eastman v. Griffiths*, 15 R. P. C. 105.

name to which one is entitled has been held to apply only to use in his own line of business.⁵¹

§ 13. No Distinction Between Names and Marks as Regards Rights Acquired by User.—No distinction can be made between a trade-mark and a trade name as regards the rights acquired in either by usage. Both are held to be of like character and will be protected if violated.⁵²

The decisions are not clear as to the character of these rights in trade names, labels, signs, places, forms, devices and the like, which are protected by the law of unfair competition. Valuable they certainly are; property, in the commonly accepted meaning of the term, they certainly are, and yet equity courts have refused to protect them where there was no ground for the Court's jurisdiction unless it be based on this property right. It is believed, however, that in time the great value of these interests will cause all courts to feel warranted in considering them such property as equity is bound to protect.

The courts in early days held that rights which they protected as trade-marks were rights acquired only in one way, viz., by user, and this is the way in which all rights and property now protected by the rules of unfair competition are acquired. These rights founded on user were regarded as property and protected as such.⁵³

⁵¹ *Hall v. Barrows*, 4 De G. J. & S. 150-1863. *The Omega Oil Co. v. Weschler*, 53 Misc. (N. Y.) 441.

⁵² *Hainque v. Cyclops Iron Works*, 136 Cal. 351-1902; 68 Pac. 1014. Plaintiffs, for years, called themselves "Cyclops Machine Works." Defendants set up near by, calling themselves "Cyclops Iron Works." "Upon general principles of equity, the acts of the defendants here detailed will not be countenanced by the courts. If it be conceded that the word 'Cyclops' in this particular instance is the trade name of plaintiffs rather than their trade-mark, that fact is not material. By long continued exclusive user, plain-

tiffs and their predecessors in interest have acquired property rights in the use of the word which defendant is bound to respect"

⁵³ *Glen & Hall Mfg. Co. v. C. S. Hall*, 61 N. Y. 226-1874. In considering the rights of a trader to the address "No. 10 South Water Street, Rochester, N. Y.," the New York Court of Appeals said: "It would follow, from these principles, that if a person had established a business at a particular place, from which he had derived, or may derive, profit, and has attached to that business a name indicating to the public where or in what manner it is carried on, he has acquired a property

Long use does not always give rights in a name or mark. Although Ames began in 1856 to use the name "Collins," as a name for his concern, because of the reputation of a rival named "Collins," he will, even in 1886, be enjoined from in the first instance for the express purpose of profiting by continuing such use, because of the fact that he took the name Collins' reputation and without right.⁵⁴

§ 14. Definitions of Unfair Competition.—The following are various statements of the courts as to what unfair competition is. These citations do not cover the ground fully, for this doctrine of law, as has been said, is not stable; it is continually being applied to new wrongs, continually being invoked to right injuries that arise from new combinations of circumstances which work injury and fraud. The fundamental rule is that one man has no right to palm off his own goods as the goods of a rival trader, and "he cannot, therefore," in the language of Lord Langdale in *Perry v. Truefitt*,⁵⁵ "be allowed to use names, marks, letters, or other indicia, by which he may induce purchasers to believe that the goods which he is selling are the manufacture of another person." Referring to the above, Lord Herschell, in *Reddaway v. Banham*,⁵⁶ said: "It is, in my opinion, this fundamental rule which governs all cases."

"Irrespective of the technical question of trade-mark, the defendants have no right to dress their goods up in such manner as to deceive an intending purchaser, and induce him to believe he is buying those of the plaintiffs. Rival manufacturers may lawfully compete for the patronage of the public in the quality and price of their goods, in the beauty and tastefulness of their inclosed packages, in the extent of their advertising, and in the employment of agents, but they have no right, by imitative devices, to beguile the public into buying their wares under the impression they are buying those of their rivals."⁵⁷

in the name which will be protected from invasion by a court of equity, on principles analogous to those which are applied in case of the invasion of a trade-mark" (id. p. 231).

"*Collins Co. v. Oliver Ames &*

Sons' Corporation, 18 F. R. 561-1882 (Cir. Ct. So. Div. N. Y.).

⁵⁴ 6 Beav. 66-73-1842.

⁵⁵ 1896-App. Cas. 199-209.

⁵⁶ *Coats v. Merrick Thread Co.*, 149 U. S. 562-1892, at p. 566; 37 L. Ed.

"The essence of a wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another, and if defendant so conducts its business as not to palm off its goods as those of complainant the action fails."⁵⁸

"An act of competition, otherwise unobjectionable, done, not for the purpose of competition but with intent to injure a rival in his trade, is not an act done in an ordinary course of trade, and therefore is actionable if injury ensue."⁵⁹

"Everyone has the right to use and enjoy the rays of the sun, but no one may lawfully focus them to burn his neighbor's house. * * * Everyone has the right to use pen and paper, but no one may apply them to the purpose of defrauding his neighbor of his property, or making counterfeit money, or of committing forgery."⁶⁰

"Competition in business is justifiable and desirable; but a business built up by one man by the use of peculiar packages and names, should not be appropriated by another by contrivances which, although not strictly within the rules of liability, yet are designed to accomplish a purpose equally injurious. Persons thus situated are not regarded with favor by a court of equity."⁶¹

"If the same evil results are accomplished by the acts practiced by this defendant which would be accomplished by an adoption of plaintiff's name, why should equity smile upon the one practice and frown upon the other? Upon what principle of law can a court of equity say, if you cheat and defraud your competitor in business by taking his name, the court will give relief against you, but if you cheat and defraud him by assuming a disguise of a different character your acts are beyond the law? Equity will not concern itself about the

847; 13 Sup. Ct. 966. See also *Dennison Mfg. Co. v. Thomas Mfg. Co.*, 94 F. R. 651-1899 (C. C. Del.).

"*Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118-140-1905; 49 L. Ed. 972; 25 Sup Ct. 609.

"Lord Esher (dissenting), *Mogul*

SS. Co. v. McGregor, Gow & Co., L. R. 23 Q. B. D. 598-609-1889.

"*Shaver v. Heller & Mers Co.*, 108 F. R. 821-825-1901 (C. C. A. 8th Cir.); 65 L. R. A. 878.

"Church, J., in *Wolfe v. Burke*, 56 N. Y. 115-122-1874.

means by which fraud is done. It is the results arising from the means, it is the fraud itself, with which it deals." "The foregoing principles of law do not apply alone to the protection of parties having trade-marks and trade names. They reach away beyond that, and apply to all cases where fraud is practiced by one in securing the trade of a rival dealer; and these ways are as many and as various as the ingenuity of the dishonest schemer can invent."⁶²

"The modes in which goods may be passed off as and for the plaintiff's vary. The most usual is where a particular mark on the goods or on the packages in which they are sold has been used to denote that they are made by a particular firm to such an extent that it is understood in the market to bear that meaning. The law as to those trade-marks is now regulated by statutes, but before there was any legislation on the subject it was well settled that when anyone adopted a mark so closely resembling the trade-mark of the plaintiff that it would be likely to be mistaken for it, and put it on his goods and sold them, knowing that though the persons to whom he sold them were well aware that they were not the plaintiff's make, yet that they were meant to be sold to others who would see only the trade-mark, and were likely to be deceived by its resemblance to that of the plaintiff, he might be properly found to have knowingly and fraudulently sold the goods as and for the plaintiff's goods:⁶³ And, so far, there was no difference between law and equity. But at law it was necessary to prove that an injury had been actually done. In equity it was enough to show that the defendant threatened to do, and would, if not prevented, do that injury."

* * * * "There is another way in which goods not the plaintiff's, may be sold as and for the plaintiff's. A name may be so appropriated by user, as to come to mean the goods of the plaintiff, though it is not, and never was, impressed on the goods or on the packages in which they are contained, so as to be a trade-mark, properly so called, or within the

⁶² *Weinstock, Lubin & Co. v.*

Marks, 109 Cal. 529-40-1895; 42

Pac. 142; 30 L. R. A. 182.

⁶³ Citing *Sykes v. Sykes*, 3 B. & C.

Marks, 541-1824.

recent statutes. Where it is established that such a trade name bears that meaning, I think the use of that name, or one so nearly resembling it as to be likely to deceive, as applicable to goods not the plaintiff's, may be the means of passing off those goods as and for the plaintiff's, just as much as the use of a trade-mark; and I think the law (so far as not altered by legislation) is the same."⁶⁴

"He (competitor in business) must not, by any deceitful or other practice, impose on the public, and he must not by dressing himself in another man's garments, and by assuming another man's name, endeavor to deprive that man of his own individuality and thus despoil him of the gains to which, by his industry and skill, he is fairly entitled."⁶⁵

"If a person had established a business at a particular place, from which he has derived, or may derive, profit, and has attached to that business a name indicating to the public where or in what manner it is carried on, he has acquired a property in the name which will be protected from invasion by a court of equity, on principles analogous to those which are applied in case of the invasion of a trade-mark."⁶⁶

"Unfair competition consists essentially in the conduct of a trade or business in such a manner that there is an express or implied representation that the goods or business of the one man are the goods or business of another."⁶⁷

"The imitation of the index sheets would deceive the ordinary purchaser, and the appellee had a purpose that such effect should result. This constitutes unfair competition, notwithstanding that the merchant purchasing from the manufacturer may not have been deceived."⁶⁸

"Unfair competition may be defined as passing off, or attempting to pass off, upon the public the goods or business of one man as being the goods or business of another."⁶⁹

"Notwithstanding plaintiff had no real or legal trade-mark,

⁶⁴ *Singer Mfg. Co. v. Loog*, L. R. 8 App. Cas. 15-30-32-1882.

⁶⁵ *Howard v. Henriques*, 3 Sandf. (N. Y.) 725-27-1851.

⁶⁶ *Harper v. Pearson*, 3 L. T. N. S. 547-49-1861.

⁶⁷ 28 Am. & Eng. Encyc. 345, 2d

⁶⁸ *Globe Wernicke Co. v. Brown & Besly*, 121 F. R. 90-1902, at p. 92 (C. C. A. 7th Cir.).

⁶⁹ 28 Am. & Eng. Encyc. 409, 2d ed.

if the defendant had intentionally simulated the peculiar device or symbol employed by plaintiff on his labels, and such simulation was calculated to deceive ordinarily prudent persons, and did deceive such persons, the plaintiff would be entitled to protection against the consequence of such deception, not because of his device or symbol being a trade-mark in the legal sense of that term, but because of the fraud and deception practiced by the defendant upon the plaintiff and the public.”⁷⁰

“ La concurrence déloyale c’est l’acte pratique de mauvaise foi à l’effet de produire une confusion entre les produits de deux fabricants, ou de deux commerçants, ou qui, sans produire de confusion, jette le discrédit sur un établissement rival.”⁷¹

If another definition of unfair business competition may be attempted, it may be said to be the use in business competition, of rights, property or powers, which may or may not ordinarily be susceptible of exclusive appropriation by one individual, in such a way as to injure another by misrepresentation, deceit, dishonesty, or fraud and usually with intent so to do.

Unfair competition in the sense in which it is most often used, is a question of representation—representing one person’s goods to be those of another and similar false representations. In England the term “ Passing Off ” is practically confined to this sort of unfair competition. The latter term is not used there.

It is held in France that unfair competition may arise without confusion between merchandise or business concerns, as where a merchant attributes to himself qualities, titles or rewards which he never actually obtained for himself.⁷² This is a meaning of the term which is recognized here, now and then, by the public press, but not by courts.

⁷⁰ *Aiff & Co. v. Radam*, 77 Tex. 530—41—1890; 14 S. W. 164; 9 L. R. A. 145n; affirmed, 81 Tex. 122—1891; 16 S. W. 990.

des Marques de Fabrique et de la Concurrence Déloyale. Paris, 1906, § 459.

⁷¹ Darras, cited by Pouillet *Traité*

Traité des Marques de Fabrique, etc. Paris, 1906, § 675.

The term is coming to have here a colloquial meaning as a name for all kinds of commercial trickery and fraudulent methods. In the New York Times of September 10, 1908, the following head lines appeared: "Standard Oil Co. denies Trickery — Agents testify * * * that they resorted to no Unfair Competition."

§ 15. Selling Another's Goods as One's Own.—The majority of unfair competition cases are instances of attempts by the defendant to pass off his goods as those of his rival. There are cases, however, of attempts of defendants to pass off, not their goods as those of the rival, but the rival's goods as their goods and goods of third persons as the goods of the plaintiff. These are just as much cases of unfair competition — passing off cases — as the more common sort.

§ 16. Grounds of the Action for Unfair Competition.—Fraud is a basis of actions for unfair competition. That has been demonstrated beyond a doubt by many cases. It is not so clear, however, just who it is the Court aims to protect from fraud. An attempt to pass off goods fraudulently is discovered to the Court: is it set in motion by its abhorrence of dishonesty and double dealing or does it feel called upon to protect the interests—his property—of the complainant or does it feel that it is its duty to first preserve the purchasing public from deception, or does it act in such a case because of all these reasons? The following are the principal grounds usually given: First, That the court acts to promote honest and fair dealing; Second, That the aim of the court is to protect the purchasing public; Third, That the court aims to protect not public rights but the rights of individuals.

§ 17. Theory that the Court Acts to Promote Honest and Fair Dealing.—Again courts have said that unfair competition rests on the theory that a court is in duty bound to protect and promote honesty and fair dealing. "The ground on which the jurisdiction of equity in such cases is rested, is the promotion of honesty and fair dealing, because no one has a right to sell his own goods as the goods of another. 'It is perfectly manifest,' said Lord Langdale, 'that to do this is a fraud and a very gross fraud.'"⁷⁸

⁷⁸ *Palmer v. Harris*, 60 Pa. St. 156-1869, at p. 159.

§ 18. **Theory that the Court Aims to Protect the Purchasing Public.**—The early English cases assigned fraud on the purchasing public as the ground on which equity would relieve. Fraud on the public to the detriment of the plaintiff was the foundation of the right to damages at common law, according to Lord Blackburn in *Singer Manufacturing Co. v. Loog*;⁷⁴ and as long ago as 1838, it was decided in *Millington v. Fox*,⁷⁵ that intentional deceit was not essential to warrant an equity court in granting an injunction, but that the court will interfere to protect a plaintiff, if ordinary or unwary purchasers are likely to be misled to mistake the defendant's goods for the plaintiff's. Nothing can be more emphatic on this point than the judgment in *Singer Machine Manufacturers v. Wilson*;⁷⁶ where it was held that in cases of this description, the probability of misleading, not experts or persons who know the real facts, but ordinary or unwary customers, is the mischief to be guarded against. This point was recognized in 1824 in *Sykes v. Sykes*.⁷⁷ In the *Singer Manufacturing Co. v. Loog*,⁷⁸ Lord Selborne, commenting on the brass plate at one time used by the defendant in that case, held that persons may be misled and may mistake one class of goods for another, although they do not know the names of the makers of either.

“ To justify a court of equity in interfering, there must be something more than the mere duplication by the one party of the other's trade name. This is found in the deceptive use of imitative methods of display, or other devices by which the public are led into buying the infringer's goods when they intended to buy those of the original producer. The fraud which is thus perpetrated is a legitimate ground for equitable interference, and is the practical basis for it ”⁷⁹ (id. p. 209).

“ The grounds on which unfair competition in trade will be enjoined are either that the means used are dishonest, or that, by false representation or imitation of a name or device, there is a tendency to create confusion in the trade, and work

⁷⁴ L. R. 8 App. Cas. 15-1882.

⁷⁵ 8 App. Cas. 18.

⁷⁶ 3 Myl. & Cr. 338.

⁷⁷ *Draper v. Skerrett*, 116 F. R.

⁷⁸ 3 App. Cas. 376-391-2-1877.

206-1907 (C. C. E. D. Pa.).

⁷⁹ 3 B. & C. 541-1824.

a fraud upon the public, by inducing it to accept a spurious article. Where these grounds are absent, and no trade-mark rights exist, injunction does not lie " (head note).⁸⁰

The multitudes of ignorant and unwary should be regarded in considering the interest of traders who may be injured by the mistakes of purchasers. If one adopts a name, which has been appropriated by another, he must use it with such precautions that the reasonable probability of deceit of purchasers will be avoided.⁸¹

As between rival claimants to the right to reproduce a drama or play, while the author and he to whom it was sold were entitled to protection, it was held that the public were entitled to be honestly informed as to who was playing it, that they might not confuse the play in question with a poor imitation.⁸²

Honest competition relies on the intrinsic merits of the goods. It does not require a false or fraudulent mark. To give to the product of what is claimed to be superior skill, the name, similitude and imitation of an article with which it professes to compete is fraud. The public should not be obliged to guard against such methods.

⁸⁰ *Vitascope Co. v. U. S. Phonograph Co.*, 83 F. R. 30-1897 (C. C. N. J.).

⁸¹ *Singer v. Wilson*, 3 App. Cas. 376-1877. *Powell v. Birmingham Vinegar Brewery Co.*, (1896) 2 Ch. 54. Lord Kay: "It was argued that the defendant had nothing to do with the deception of the public. The answer is obvious. Every person who, intending to buy a bottle of the plaintiff's sauce, gets instead a bottle of the defendants', is a customer taken from the plaintiff by this deceit; and if this is extensively done the damages to the plaintiff's trade would be serious" (p. 83).

⁸² *Hopkins Amusement Co. v. Frohman*, 103 Ill. App. 613-1902. Frohman and Gillette put on the stage a play called "Sherlock Holmes."

Appellant attempted to play a piece called "Sherlock Holmes, Detective." Held, names of publications may be protected by trade-mark (citing *Robertson v. Berry*, 50 Md. 591-1878). "Sherlock Holmes," the drama, has not been copyrighted. Its authors and Frohman as their grantee have right to protection on the ground of their property in it (citing *McLean v. Fleming*, 96 U. S. 245-1877; 24 L. Ed. 828). Frohman owned exclusive right to produce this play by contract with the author. One seeing advertisement of "Sherlock Holmes, Detective" would suppose it the same as Frohman's play. The public are entitled to protection as well as Frohman.

"A disguise is not usually assumed for an honest object. It is a mark more characteristic of deception and fraud. It defeats the very end and object contemplated by legitimate competition—the choice to the public to select between the articles exposed to sale—and operates as a deception and imposition on the dealer. It is to prevent such a course of transaction and dealing that the interposition of the Court of Chancery is asked, and I have no doubt it is within its proper jurisdiction to restrain a proceeding of such a character by injunction."⁸³

"The doctrine of unfair competition is possibly lodged upon the theory of the protection of the public whose rights are infringed or jeopardized by the confusion of goods produced by unfair methods of trade as well as upon the right of a complainant to enjoy the good-will of a trade built up by his efforts and sought to be taken from him by unfair methods."⁸⁴

§ 19. Theory that the Court aims to Protect, not Public Rights, but Rights of Individuals.—The theory that it is the duty of the Court to protect the public is not universally held. In many jurisdictions it has been considered that the Court should be concerned with the personal rights of the plaintiff and not those of the general public. The private action is given, not for the benefit of the public, although that may be its incidental effect, but to relieve against the invasion, by the defendant, of the exclusive rights of complainant. "The bill here loses sight of the thoroughly established principle that the private right of action in such cases is not based upon fraud or imposition upon the public, but is maintained solely for the protection of the property rights of complainant."⁸⁵

Here is seen the effect of the denial that the interest of the complainant is property. If that interest be considered property, there is little question as to the right of the Court to act.

Chancellor Westbury differentiates, in this connection, cases where the defendant imitates the plaintiff's goods and thus

⁸³ *Taylor v. Carpenter*, 2 Sandf. *Cement Co.*, 130 F. R. 703-705-1904 Ch. 676-1845; *Drake Medicine Co.* (C. C. A. 7th Cir.).

⁸⁴ *Glessner*, 68 Ohio St. 337-1903; *American Washboard Co. v. Saginaw Mfg. Co.*, 103 F. R. 281-67 N. E. 722, 62 L. R. A. 94.

⁸⁵ *G. W. Cole Co. v. American* 1900; 50 L. R. A. 609.

causes mistakes on the part of buyers, and those cases where this feature is not present. He says: "It is, indeed, true that, unless the mark used by the defendant be applied by him to the same kind of goods as the goods of the plaintiff, and be in itself such that it might be and is mistaken in the market for the trade-mark of the plaintiff, the Court will not interfere, because there is no invasion of the plaintiff's right; and thus the mistake of buyers in the market, under which they, in fact, take defendant's goods as the goods of the plaintiff — that is to say, imposition on the public — becomes the test of the property in the trade-mark having been invaded and injured.

* * * The true principle, therefore, would seem to be that the jurisdiction of the Court in the protection of given trade-marks rests upon property, and that the Court interferes by injunction, because that is the only mode by which property of this description can be effectually protected. The same things are necessary to constitute a title to relief in equity in the case of the infringement of a right to trade-mark as in the case of the violation of any other right of property."⁸⁶

"When one has established a trade or business in which he has used a particular device, symbol, or name so that it has become known in trade as a designation of such person's goods, equity will protect him in the use thereof. Such person has a right to complain when another adopts this symbol or manner of marking his goods so as to mislead the public into purchasing the same as and for the goods of the complainant. Plaintiff comes into a Court of Equity in such case for the protection of his property rights. The private action is given, not for the benefit of the public, although that may be its incidental effect, but because of the invasion by defendant of that which is the exclusive property of complainant. In *Canal Co. v. Clark*,⁸⁷ the Court said: 'It is invariably held that the essence of the wrong consists in the sale of the goods of one manufacturer or vendor as those of another.'"⁸⁸

⁸⁶ *Leather Cloth Co. v. American*
Leather Cloth Co., 4 De G. J. & S.
137-41-42; 11 H. L. Cas. 523.

⁸⁷ *American Washboard Co. v.*
Saginaw Mfg. Co., 50 L. R. A. 609,
103 F. R. 281-84-1900.

⁸⁸ 15 Wall. 311-1871; 80 U. S.
311; 20 L. ed. 581.

"The right to restrain anybody from using any name that he likes in the course of any business he chooses to carry on is a right in the nature of a trade-mark, that is to say, a man has a right to say, 'You must not use a name, whether fictitious or real—you must not use a description, whether true or not, which is intended to represent, or calculated to represent, to the world that your business is my business, and so, by a fraudulent misstatement, deprive me of the profits of the business which would otherwise come to me.' That is the principle, and the sole principle, on which this Court interferes. The Court interferes solely for the purpose of protecting the owner of a trade or business from a fraudulent invasion of that business by somebody else. It does not interfere to prevent the world outside from being misled into anything."⁸⁰

The Supreme Court of the United States considers that the action of unfair competition is based on the ground that the deception by one trader resulting in loss to another of "advantages of celebrity" is against equity. "Equity gives relief in such a case, upon the ground that one man is not allowed to offer his goods for sale, representing them to be

⁸⁰ *Levy v. Walker*, L. R. 10 Ch. Div. 436-47-48-1879.

"Imposition on the public occasioned by one man selling his goods as the goods of another, cannot be the ground of private action or suit." *Chancellor Westbury in Leather Cloth Co. v. American Leather Cloth Co.* (4 De G. J. & S. 137-41-1863, 11 H. L. Cas. 523); *Weener v. Brayton*, 152 Mass. 101, 25 N. E. 46, 8 L. R. A. 640. "The jurisdiction of a court of equity to restrain the wrongful use of such trade-marks by persons not entitled thereto is founded, not upon the imposition upon the public thus practiced, but on the wrongful invasion of the right of property therein which has been acquired by others. A remedy is offered only to the owner of the right of property

in such trade-marks on account of the injury which is thus done to him. The wrong done to him consists in misrepresenting the vendible articles sold as being those of the true owner of the trade-mark, and thus to a greater or less extent depriving him of the benefit of the reputation he has given to the articles made or dealt in by him" (*id.* p. 103). Cited in *American Washboard Co. v. Saginaw Mfg. Co.*, 103 F. R. 281-1900; 50 L. R. A. 609.

"The rule which protects against unfair competition is primarily for the protection of the party against whom such competition is directed, and only incidentally for the protection of the public." (Paul on Trade-marks, p. 388, § 215.)

the manufacture of another trader in the same commodity. Suppose the latter has obtained celebrity in his manufacture, he is entitled to all the advantages of that celebrity, whether resulting from the greater demand for his goods or from the higher price the public are willing to give for the article, rather than for the goods of the other manufacturer, whose reputation is not so high as a manufacturer.”⁹⁰

See also *Shaver v. Heller*,⁹¹ which holds that suits for unfair competition in trade “are founded upon the damage to the trade of the complainants by the fraudulent passing of the goods of one manufacturer for those of another. * * * No proprietary interest in the words, names, or means by which the fraud is perpetrated is requisite to maintain a suit to enjoin it. It is sufficient that the complainant is entitled to the custom, the good-will, of a business and that this good-will is injured or is about to be injured, by the palming off of the goods of another as his. * * * There is no practicable way other than by prohibition of the use of the name, by which filching the trade of an article whose sale is solicited and made by its name can be effectually prevented.”⁹²

⁹⁰ *McLean v. Fleming*, 96 U. S. 245-251-1877; 24 L. ed. 828.

⁹¹ 108 F. R. 821-26-27-1901 (C. C. A. 8th Cir.), 65 L. R. A. 878.

⁹² See also *Batty v. Hill*, 1 Hem. & M. 264-1863. A manufacturer obtained a gold medal at Exhibition of 1862 for pickles, etc., and sought to restrain a rival from making false statements on his goods that he too had been awarded a gold medal at same exhibition in respect of same class of goods. Held: “It is no part of the duty of the court to enforce the observance of the dictates of morality; and though the old maxim ‘*rem facias, rem, si possis, recte; si non, quocunque modo rem,*’ seems to apply in full force to modern times, I can only interfere when some private right is thereby in-

fringed” (id. p. 268). As there was no attempt to pass off defendant’s goods as those of the plaintiff, injunction was refused. Followed by Stirling, J., in *Tallerman v. Dowsing Radiant Heat Co.*, (1901), 1 Ch. 1.

Avery & Sons v. Meikle & Co., 81 Ky. 73-84-1883. * * * “The object of trade-mark law is to prevent one person from selling his goods as those of another, to the injury of the latter and of the public. It grew out of the philosophy of the general rule that every man should so use his own property and rights as not to injure the property or rights of another, unless some priority of right or emergency exists to justify a necessarily different manner of use.”

A reading of the cases cited above shows that two grounds at least for this action have been recognized. (1) Protection of the purchasing public against deception. (2) Protection of the individual's rights in and to whatever "advantages of celebrity" he has acquired in his business. The fact that some definite person has actually been deceived by particular acts of unfair competition complained of in an action, is the very best evidence of the unfairness of the methods of the defendant. While the protection of the general public is not intrusted to any individual and no person may institute an action of this sort to prevent deception of people generally; nevertheless if the public is being deceived as to some article of commerce as, for instance, identity of a business house, some one is being wronged, and the righting of that wrong will often result in distinct benefit to the general public.

Courts will sometimes protect trade names or marks, although not registered or properly selected as trade-marks, on the broad ground of enforcing justice and protecting one in the fruits of his toil. "This is bottomed on the principle of common business integrity, and proceeds on the theory that, while the primary and common use of a word or phrase may not be exclusively appropriated, there may be a secondary meaning or construction which will belong to the person who has developed it. In this secondary meaning there may be a property right."²⁸

§ 20. Attitude of Equity Courts Toward Personal Wrongs.—There is an increasing number of decisions by equity courts in which relief has been given against infringement of some personal right. Many of these cases are applications of old principles governing the issuing of the writ of injunction, to new needs,—new injuries which modern conditions have produced. Many of them are closely analogous to the application of the writ to unfair competition cases. This writ was originally designed to prevent only injuries to property; and the principle has long been established that chancery will intervene by injunction only to protect property rights.

²⁸ *Sartor v. Schaden*, 125 Iowa 696-1904, at p. 700.

"In many cases courts have striven to uphold the equitable jurisdiction upon the ground of some property right, however slender and shadowy, and the tendency of the courts is to afford more adequate protection to personal rights and to that end to lay hold of slight circumstances tending to show a technical property right."⁹⁴

According to these cases, the court of equity may protect a man from an injurious use of his name, not because it is a libel or calculated to do him injury, but because such use of the name will cause injury to his property.

Yet these cases are not to be considered as holding that equity will never protect personal rights. It is doing more each year to protect such rights, although steadily declaring its jurisdiction does not go to that length. Equity jurisdiction is alleged to have been derived in part from the prerogative of the King as *parens patriae*, for the protection of helpless persons who, by reason of that fact, were regarded as wards of Chancery.⁹⁵ This included protection from the effects of a breach of contract or of a trust in which these helpless persons were interested; use of portraits;⁹⁶ preservation of the privacy of letters;⁹⁷ protection of infants from injury by parents, etc.⁹⁸ In all cases similar to the above, equity does go to the relief of persons whose personal rights are in danger of violation. The nominal basis of the action is property rights. The actual relief is given to lessen or stop a personal injury. England has done away with this fiction by a statute enlarging the power of its courts of equity to include all cases in which it

⁹⁴ Judge Dill in *Vanderbilt v. Mitchell*, 67 Atl. (N. J. Ct. of App.) 97-100-1907 (citing note to *Chappell v. Stewart*, 37 L. R. A. 787-1896); *Routh v. Webster*, 10 Beav. 561-1847; *Prudential Assurance Co. v. Knott*, L. R. 10 Ch. App. Cas. 142-1875.)

⁹⁵ *Butler v. Freeman*, 1 Ambl. 301-1756; *Smith v. Smith*, 3 Atk. 304-1745; *Pearce v. Crutchfield*, 14 Ves. Jr. 206-1807.

⁹⁶ *Murray v. Gast Lithographic Co.*,

8 Misc. (N. Y.) 36-1894; 28 N. Y. Supp. 281; *Marks v. Jaffa*, 6 Misc. (N. Y.) 290-1893; 26 N. Y. Supp. 908; *Schuyler v. Curtis*, 147 N. Y. 434-1895; 42 N. E. 22; 31 L. R. A. 286.

⁹⁷ *Corliss v. Walker*, 64 F. R. 280-1894, 31 L. R. A. 283; *Gee v. Pritchard*, 2 Swanst. 403-1818.

⁹⁸ *Shelley v. Westbrook*, Jac. 266-1821; *De Manneville v. De Manneville*, 10 Ves. Jr. 52-1804.

shall appear to the court to be just or convenient that such order should be made.⁹⁹ The New York Court of Appeals has held in *Roberson v. Rochester Folding Box Co.*¹ that the right of privacy, founded on claim to live without being a subject of publicity, does not exist in law or equity. The case is entitled to little if any consideration, if its reception by other tribunals is to be a criterion; for it is seldom cited except to be disapproved. "The jurisdiction of the Court of Chancery in cases of fraud is as broad and far reaching as the forms, the devices, and the ramifications of fraud can extend."² The case of *Ball v. Best*³ shows not only an unfair use of a family name in trade but also that in this sort of a case the Court of Equity must and does consider the effect of the modern methods of doing business. This case involved the effect of competition by mail orders,⁴ but mail order business is only one of the many new features of trade, which tax the learning of the chancellor to protect the aggrieved party before him, under the rules of equity, in the face of these new conditions. Regardless of the novelty of the method used, regardless of the seeming impossibility of applying to it any known equitable remedy, the complainant is entitled to the court's aid and protection in his effort to secure the fruit of his industry and invention. Exercising this part of its jurisdiction equity has protected various personal rights against injury. The following injunctions of this sort have been granted: Against use of a *rifle range* until ren-

⁹⁹ Act of 1873, 25 sub-sec. 3.

¹ 171 N. Y. 538-1902; 64 N. E. 442; 59 L. R. A. 478.

² Judge Dill in *Vanderbilt v. Mitchell*, 67 Atl. 97, at p. 99-1907. See also *Weinstock v. Marks*, 109 Cal. 529; 42 Pac. 142; 30 L. R. A. 182, where the relation of equity to new kinds of wrongs is discussed.

³ 135 Fed. 434-1905.

⁴ *Ball v. Best*, 135 Fed. 434-1905. The plaintiff owned "Best & Co., Liliputian Bazaar," in N. Y. The firm had built up a large mail

order business. Defendant was a son of a former proprietor and opened a store in Chicago under the name of "A. S. Best & Co.," advertising as "Liliputian Outfitters" and also "Formerly with Best & Co., N. Y." Defendant then started to get mail order trade. An injunction was granted restraining defendant from using name "Best" with or without a prefix, and also from using the word "Liliputian," although one house was in New York and one in Chicago.

dered safe.⁵ *Noise of workshop.*³ *Ringling of church bell at night.*⁷ Use of *unhealthful* jail grounds.⁸ *Use of gas near dwelling.*⁹ *Blasting near dwelling.*¹⁰ *Powder Mills.*¹¹ *Discharge of sewer.*¹²

In nearly all these cases a question of property value is involved, but the principal question is one of personal rights. In those involving disturbance of sleep the element of property is nearly eliminated. In *Tuchman v. Welch*¹³ the Federal court granted an injunction against persecution by state attorney, on account of alleged violation of liquor laws, on ground of protecting defendant's business from interference, and quite as much, his person and liberty from harassing proceedings under the state law. English courts have sustained the jurisdiction of a court of equity to prevent an unwarranted use of a man's name, where the probable effect would be to expose him to the risk of future injury and liability.

Courts of equity have done much to protect intellectual, moral and emotional life. They have protected reputation, although this relief is usually denied.¹⁴ Also rights of privacy, and injury to feelings.

§ 21. What is Infringement.—The term "infringement" is usually applied to attempts to imitate some feature of a technical trade-mark. It was in use in this sense before the law of unfair competition was understood. Now, however, it is found equally in unfair competition cases, and may be considered as a term covering all acts violating rights of others, either under the law as to technical trade-marks or that of unfair competition.

* *McKillopp v. Taylor*, 25 N. J. Eq. 139-1874.

* *Dennis v. Eckhardt*, 3 Grant Cas. (Pa.) 389-1862.

* *Martin v. Nutkin*, 2 P. Wins. 266-1724; *Soltau v. De Held*, 21 L. J. (Ch.) N. S. 153-1851.

* *Stuart v. La Salle County, etc.*, 83 Ill. 341-185.

* *People's Gas Co. v. Tyner*, 131 Ind. 277-1891; 31 N. E. 59; 16 L. R. A. 443.

* *Scott v. Bay*, 3 Md. 431-1853.

* *Crowder v. Tinkler*, 19 Ves. Jr. 617-1816; *Wier's Appeal*, 74 Pa. St. 230-1873; *Daw v. Enterprise Powder Mfg. Co.*, 160 Pa. St. 479-1894; 28 Atl. 841.

* *Butler v. The Mayor of Thomasville*, 74 Ga. 570-1885.

* 42 Fed. 548-1890.

* *Mead v. Stirling*, 62 Conn. 586-1892; 27 Atl. 591; 23 L. R. A. 227.

§ 22. Acts Contributory to Unfair Acts—Unfair acts are often rendered possible only through aid of third persons who contribute to the damaging result by the printing or making of labels or other articles, with or without knowledge of the use to which they are to be put by him to whom they are sold.¹⁵

An action for unfair competition lies against one who makes and sells to others who are competitors of plaintiff's, labels and wrappers which closely resemble plaintiff's; which may, and, as alleged, actually have been, used by them to mislead the public; it need not be alleged that the wrappers have been used for the specific kind of goods sold by plaintiff.¹⁶

Printers have a right to print and sell "stock labels" to whomever they please and cannot be enjoined from so doing. But it cannot be objected, where one claims an exclusive right to the use of a stock label for a particular purpose that to allow this right would amount to a fraud on the printer, as curtailing his right to sell to any buyer.¹⁷

Passing off the goods of a third party may be accomplished in various ways — such as by a retailer giving the goods of A to a customer who asks for the goods of B; by his use of a show card of B on the goods of A; by exhibiting some of B's goods with a quantity of A's.

This question of acts contributory to unfair acts is further considered in the chapter on Defenses under the head of the defense that "Deception is not due to defendant's acts, but to the acts of others." (§ 254.)

¹⁵ *Hennessey v. Herrmann*, 89 F. R. 669—1898 (Cir. Ct. N. D. Cal.). The keeping for sale and selling of labels made in imitation of complainant's, with the intention, through their sale, of putting into the hands of dealers the means of deceiving ultimate purchasers gives a right of action.

Farina v. Silverlock, 4 Kays J. 650—1858. Plaintiff used certain labels for cologne bottles. Defendant printed copies of these, or labels closely resembling them and sold

them to persons who used them for goods not made by plaintiff. *Held*, That defendant should be restrained from printing and selling any such labels, notwithstanding the possibility that some might be legitimately used to replace labels that had been lost from plaintiff's bottles.

¹⁶ *Hildreth v. Sparks Mfg. Co.*, 99 F. R. 484—1899 (Cir. Ct. S. D. N. Y.).

¹⁷ *Sartor v. Schaden*, 125 Iowa 696—705.

CHAPTER II.

INTENT TO DEFRAUD — MUST IT BE PROVED?

- SECTION 23.** Question of intent is a plea raised by defense.
24. Division of cases as regards intent.
 25. Cases holding that intent is immaterial.
 26. Cases holding intent must be proved.
 27. Fraudulent intent may be presumed.
 28. No actual proof of intent necessary for presumption.
 29. Knowledge of plaintiff's rights on part of defendant is unnecessary.
 30. Denial of intent will not avail defendant.
 31. Proof of specific orders to his agents and servants to act fairly will not excuse defendant.
 32. Actual injury to plaintiff by defendant must be imminent.
 33. Unimportant facts not a basis of presumption of intent to defraud.
 34. Presumption may arise from similarity of name or get-up.
 35. Presumption of fraud arises from so selling goods that vendees may pass them off fraudulently.
 36. Presumption may be based on manner in which the truth is told.

John Cutler, Esq., editor of "Reports of Patents-Design and Trade-Mark Cases — (the "R. P. C.") in his lectures on "Passing-Off" — London, 1904, says that: "An intention to imitate or copy, and an intention to pass off are two distinct things. The former may be legal, but the latter never can" (p. 6). It is the latter sort of intention that we have to do with here, the intent to be unfair, to pass off one's own goods or name as another's — or to pass off A's goods as the goods of B. In reading unfair competition cases, frequent statements will be found to the effect that proof of fraudulent intent on the part of the defendant is necessary to the action, but also quite as many and forceful statements that the rule is that no intent need be proved. Some of these statements are considered in this chapter in an attempt to discover the true rule.

§ 23. Question of Intent is a Plea Raised by Defense.— This question is raised usually as a defense, but it is con-

sidered here, rather than under Defenses, because an understanding of it seems necessary at the outset.

This question is not important in technical trade-mark cases. The property right of a person in a technical trade-mark may be infringed unintentionally as well as fraudulently, and the innocent infringement will be restrained irrespective of the question of intention.¹ “In the instance of a lawfully registered trade-mark, the fact of its use by another creates a cause of action. In the instance of the use in bad faith of a sign, not in itself susceptible of being a valid trade-mark, but so employed as to have acquired a secondary meaning, the whole matter lies *in pais*.”²

See § 175 as to Intent and Malice in actions based on interference with contract.

The plea of a defendant that his offense was not intended — that he acted in ignorance of the plaintiff's rights — does not lessen the plaintiff's damages.

Here as elsewhere there may be *damnum absque injuria*. Equity cannot protect against every wrong that is committed. Some injuries must be suffered for which there can be no remedy. In cases involving names that have acquired a secondary meaning, the question of fraud is much simplified, because “when one has caused a particular species of manufacture to be characterized by certain marks or symbols, and given the article such currency in trade that it is identified with the mark, the law holds him to be possessed of a property in such mark.”³ The possession of this property interest gives complainant rights, which are practically the same as those of the owner of a technical trade-mark, viz.: rights sufficient to warrant a court protecting it, regardless of whether or not one injuring it does so with fraudulent intent.

The question then is as to the force of the plea, and whether an allegation of such intent on defendant's part is necessary in the plaintiff's bill.

¹ *Day v. Webster*, 23 App. Div. 665-1900, at p. 677; 44 L. ed. 363; (N. Y.) 601-1897; 49 N. Y. Supp. 21 Sup. Ct. 270.

² *The Mrs. G. B. Müller & Co.*

³ *Elgin National Watch Co. v. Tobacco M'fy v. Commerce*, 45 N. Illinois Watch Case Co., 179 U. S. J. L. 18-23-1883.

§ 24. **Division of Cases as Regards Intent.**—The Pennsylvania court has divided cases of unfair competition as regards intent thus: “There are two classes of cases involving judicial interference with the use of names, first, where the intent is to get an unfair and fraudulent share of another’s business, and second, where the effect of the defendant’s action, irrespective of his intent, is to produce confusion in the public mind and consequent loss to the complainant.”⁴ In both cases the courts of equity administer relief without regard to the existence of a technical trade-mark. A division of these cases is suggested by the United States Supreme Court in *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*,⁵ where it says: “The deceitful misrepresentation or perfidious dealing must be made out, or be clearly inferable from the circumstances.”

We will turn then to a consideration of the cases, in the effort to discover some principles of guidance as to the necessity of proving intent. The extremes are represented on the one hand by those that hold that it is not what the defendant intended, but what he did that a court must consider; and on the other by those that hold that the action is based on fraud, which must be proven, because there can be no relief against a defendant, who had acted in good faith, although to the injury of the plaintiff. There can be no division of the cases by geographical lines, for both here and in England each view is upheld by cases of authority.

This chapter deals, not with the cases in which clear proof is brought out of the deceitful intent of the defendant, in doing the acts complained of, but with those cases in which it is set up as a defense that the alleged wrongful acts were done in ignorance of the plaintiff’s right; or, if not in ignorance of these rights, without any purpose or intent of injuring him directly or indirectly. Most of the cases of unfair competition fall in the latter class; and it is frequently a serious question how much proof must be offered by the plaintiff as to the defendant’s motive. What are the requirements of

⁴ *American Clay Manufacturing Co., a Corporation of Pa. v. Same of New Jersey*, 198 Pa. St. 189–1901, at p. 193; 47 Atl. Rep. 936.

⁵ 138 U. S. 537–51–1890; 34 L. ed. 997; 11 Sup. Ct. 396.

proof to establish a cause of action, how much knowledge of the defendant's purpose and intent must be shown to give the court grounds on which to grant relief?

§ 25. Cases Holding that Intent is Immaterial.—One of the earliest cases on this point is *Millington v. Fox*, decided in England in 1838. It is mentioned because it is frequently cited here and abroad as first laying down the rule that the defendant's intent was not an essential part of the cause of action.⁶ About the year 1700, the plaintiff's business was founded by Crowley. In 1782 Millington became a partner. The business had since been carried on by him or his descendants under the name of "Crowley, Millington & Company." The steel they made became known as "Crowley's steel" or "Crowley Millington" steel and was distinguished by certain marks on the steel, the principal ones being either "Crowley" or "Crowley Millington," also the letters "I. H.," being the initials of their principal workman. Six years before the filing of the bill, Fox began to mark steel with these said marks of the plaintiffs. He alleged that "Crowley" and "Crowley Millington" so far as he knew were merely marks, denoting certain kinds of steel that had been universally used in the steel trade for many years and that he had never heard of the plaintiffs' firm. Cottenham, L. C., considered that there was no fraud in the case and that "Crowley" and "Crowley Millington" were generally used in conversation at least as descriptive of a particular quality of steel, and added "that circumstance, however, does not deprive the plaintiffs of their right to the exclusive use of those names; and, therefore, I stated that the case is so made out as to entitle the plaintiffs to have the injunction made per-

* *Millington v. Fox*, 3 Myl. & Cr. 338-1838. See also *Ainsworth v. Walmsley*, L. R. 1 Eq. 518-25-1866. Contention that, while in a trade-mark case the *scienter* need not be proved, misrepresentation must always be shown to be wilful, not sustained. Wood, V. C., says: "The use therefore of the name of another manu-

facturer, whether done *scienter* or not, is an interference with his business which this court will interpose to prevent, on the ground that the defendant is endeavoring to pass off the goods of his own, or somebody else's manufacture, as the manufacture of the plaintiff."

petual " (id. p. 352). There was considerable evidence given to show that the plaintiffs had known for some time that the name had been used by other dealers among the defendants who marked their steel with these names and it seemed to be a fact, regardless of whether the plaintiffs knew it or not, that much steel had been sold by other firms than the plaintiffs, bearing these names. Perpetual injunction granted.

In 1870, in Connecticut, the Supreme Court of Errors decided *Holmes, Booth & Haydens v. Holmes, Booth & Atwood Mfg. Co.*⁷ a proceeding in equity to enjoin the use of a name. The defense was set up, that, in using the name in question, the defendants had no intention of injuring the plaintiffs. The court said: "There are cases which seem to establish the proposition that neither fraud nor actual intention to do the injury complained of is essential to the petitioner's case."⁸ "The ground on which courts of equity afford relief in this class of cases is the injury to the party ag- to believe that the goods of one man or firm are the production of another. The existence of these consequences does not grieved, and the imposition upon the public by causing them necessarily depend upon the question whether fraud or an evil intent does or does not exist. The *quo animo*, therefore, would seem to be an immaterial inquiry" (id. p. 295-96).

In 1877, the House of Lords in England in *Singer Machine Mfg. Co. v. Wilson*⁹ held squarely that intent was not essential to relief. This case contains a well-considered opinion by Lord Cairns in which he follows *Millington v. Fox*, and contends that, whatever be the intent of the defendant in passing off his goods as those of the plaintiff, the injury to the plaintiff is the same; and the action of the court must depend on the right of the plaintiff in the mark used or imitated by the defendant, rather than on the intent of the defendant. The case that was the foundation for this opinion involved the use of a name of an article on which a patent had expired. Lord Cairns said: "I wish to state in the most distinct manner that, in my opinion,

⁷ 37 Conn. 278.

lile, 31 Beav. 292-1862; *Davis v.*

⁸ Citing *Millington v. Fox*, 3 Myl.

Kendall, 2 R. I. 566-1850.

& Cr. 338-1838; *Cartier v. Car-*

⁹ 3 App. Cas. 376-91-1877.

fraud is not necessary to be averred or proved in order to obtain protection for a trade-mark. The argument that fraud must be proved assumes that the trade-mark of the plaintiffs has been adopted and used by the defendant, but contends that this use of it is to continue without restraint even after the improper use has been pointed out, merely because, in the first instance, it took place ignorantly or inadvertently. This argument appears to me to be founded on a misapprehension. A man may take the trade-mark of another ignorantly, not knowing it was the trade-mark of the other; or he may take it in the belief, mistaken but sincerely entertained, that in the manner in which he is taking it he is within the law, and doing nothing which the law forbids; or he may take it knowing it is the trade-mark of his neighbor, and intending and desiring to injure his neighbor by so doing. But in all these cases it is the same act that is done, and in all these cases the injury to the plaintiff is just the same. The action of the court must depend upon the right of the plaintiff, and the injury done to that right. What the motive of the defendant may be, the court has very imperfect means of knowing. If he was ignorant of the plaintiff's right in the first instance, he is, as soon as he becomes acquainted with them and perseveres in infringing upon them, as culpable as if he had originally known them. I have never known any serious doubt entertained on this subject since the case of *Millington v. Fox*." ¹⁰

In 1877, also, the New York Court of Appeals held that intent was not necessary, in a case not a technical trade-mark case. The United States trade-mark statute was not then in a valid form and was not in force.¹¹

Here, as in other civil actions, the law does not try to penetrate the secret motives with which the act is done. It contents itself with the conclusion that the party intended the natural and probable consequences of the act.¹²

¹⁰ 3 Myl. & Cr. 338-1838.

¹¹ *Colman v. Crump*, 70 N. Y. 573-8-1877. In 1860 plaintiffs adopted as their trade-mark a bull's head. "Neither is it necessary to establish a guilty knowledge or fraudulent in-

tent on the part of the wrongdoer. It is sufficient that the proprietary right of the party and its actual infringement is shown."

¹² *McCann v. Anthony*, 21 Mo. App. 83-1886.

What is in the mind of the defendant, what his motive was, whether he actually intended what he accomplished, is always a hard question and sometimes one that cannot be answered. Lord Cairns rightly says there is no difference between the guilt of him who first acted in ignorance of plaintiff's rights and later, on learning of them, continued his reprehensible conduct, and he who set out from the start to injure the plaintiff's business. The real question is not of intent so much as it is of rights — the extent of the rights of each party to the name in question. The opinion in *Singer Machine Manufacturers v. Wilson Machine Manufacturers*,¹³ cites *Welch v. Knott*,¹⁴ where it was said that "the defendant would not be entitled to use the plaintiffs' bottles in such a manner as, in fact, to mislead the public, although there might be no intention on his part to mislead." This doctrine was again enunciated in England, in 1899, in *Cellular Clothing Co. v. Maxton & Murray*,¹⁵ where the question whether or not fraudulent intent was necessary to a good cause of action on the ground of unfair competition, was discussed. The court held, citing *Millington v. Fox*, that fraudulent intent was not necessary to constitute a right to claim protection against the unlawful use of words. "The only observation that I wish to make upon that part of the argument," said the court, "is that it seemed to be assumed that a fraudulent intention is necessary on the part of the person who was using the name in selling goods in such a way as to lead people to believe that they were the goods of another person. That seems to me to be inconsistent with a decision given something like sixty years ago by Lord Cottenham in *Millington v. Fox*,¹⁶ who goes out of his way to say very emphatically that that is not at all necessary in order to constitute a right to claim protection against the unlawful use of words or things — I say things, because it is to be observed that not only words but things, such as the nature of the wrapper, the mode in which the goods are made up, and so on, may go to make up a false representation; but it is not necessary to establish fraudulent intent in order to claim the intervention of the court."

¹³ 3 App. Cas. 376-1877.

¹⁴ 4 K. & J. 747-51-1857.

¹⁵ (1899) App. Cas. 326.

¹⁶ 3 Myl. & Cr. 338-1838.

The English rule is summarized by Mr. Cutler¹⁷ thus: "It is not necessary that the person charged with passing off should be proved to have intended to pass off his goods as those of the plaintiff. The question is, what is the commercial effect of what he is doing? If the effect would be to pass off his goods as those of the plaintiff, then his honesty of purpose or the absence of any intention to deceive is no defense." And Lord Halsbury states it thus: "Where one comes to see where the real question is, it is in a single sentence. Whether the one name is so nearly resembling the name of another as to be calculated to deceive? * * * That is the very question your Lordships have to decide * * * In the result it is perfectly immaterial to my mind, for the purpose of the decision of this case, whether they were fraudulent or not, * * * it is perfectly immaterial whether they intended it or not."¹⁸

The state courts of the United States are far from uniform on this question. Many follow the rule of the English cases, just considered, while others uphold the stand taken by the United States Supreme Court. *Holmes, Booth & Haydens v. Holmes, Booth & Atwood Mfg. Co.*,¹⁹ has been referred to, *Pratt's Appeal*²⁰ holds the same as to intent.

"Passing Off," by John Cutler, Lond., 1907, pp. 5, 6.

"*North Cheshire, etc., Brewery Co. v. Manchester Brewery Co.*, (1899) App. Cas. 83-85-87.

"37 Conn. 278-1870.

"117 Pa. St. 401-1888; 11 Atl. 878. The Master found in his report that the defendant did not intend to perpetrate an actual fraud in adopting the plaintiff's mark, which had been in use for seventy years; and the lower court said in its opinion: "I have carefully examined the testimony upon this point, and can discover no evidence of fraud or bad faith in the use of the trade-mark," and a perpetual injunction was granted. On appeal the court says: "If the defendant's

print is an imitation of that of the plaintiff, if it is calculated to deceive and mislead, the motive of the defendant in adopting it is not material so far as the law of the case is concerned, however much it might affect it in a moral point of view. The protection which equity extends in such cases is for the benefit of the manufacturer, and to secure to him the fruits of his reputation, skill, and industry. The protection of the public is another consideration and one that does not usually enter into such cases" (p. 410). Cited in *Eckhart v. Consolidated Milling Co.*, 72 Ill. App. 70-1897, at p. 72.

"The motives of the persons attempting the wrongful appropriation are not material. They neither ag-

In *Wirtz v. Eagle Bottling Co.*,²¹ the defense was set up that no attempt or intent to imitate plaintiff's labels was made by defendant; but it was held that this fact constituted no defense.

gravate or extenuate the injury caused by such appropriation. The act is an illegal one and must, if necessary, be presumed to have been done with an intent to cause the results which naturally flow from it. Nor will a court of equity refuse to enjoin the wrongful appropriation of a corporate name until the right of the first corporation to the name has been established by the verdict of a jury in an action at law." *Newby v. Oregon Central Ry. Co.*, Fed. Cas. No. 10,144-1869, at p. 40; 1 Deady 609. This case arose on petition to enjoin the Oregon Central Railway from using its name. *Eckhart v. Consolidated Milling Co.*, 72 Ill. App. 70-1897. The names in question were the flour brands "Christian's Superlative," "Pettit, Christian & Company Superlative," and "Ceresota." The defendants had put up flour in bags of plaintiff bearing these brands. *Held*, "It is not necessary to show that the defendant acted with fraudulent intention" (at p. 72). Citing *Pratt's Appeal*, 117 Pa. St. 401-1888; 11 Atl. 878; *Holmes, Booth & Hayden v. Holmes, Booth & Atwood Mfg. Co.*, 37 Conn. 278-1870; *Filley v. Fassett*, 44 Mo. 168-1869; *Blackwell v. Wright*, 73 N. C. 310-1875; *Davis v. Kendall*, 2 R. I. 566-1850; *Coffeen v. Brunton*, 5 McLean 256-1851; Fed. Cas. No. 2,947. In the last mentioned case it is said that "Where the same mark or label is used, which recommends the article to the public by the established reputation of another who

sells a similar article, and the spurious article cannot be distinguished from the genuine one, an injunction will be granted, although there is no intentional fraud. And I am inclined to think that this is a correct view of the principle, for the injury will be neither greater nor less by the knowledge to the party" (p. 1185).

"50 N. J. Eq. 164-67-1892; 24 Atl. 658. Wirtz bottled beer and sold it at wholesale. He invented three labels which he put upon his goods. The defendant imitated plaintiff's labels. This case is particularly interesting on the question of intent. The defendant was formerly in the employ of the plaintiff. He saw the preparing of the plaintiff's labels and alleged there was no attempt or intent on his part to imitate these labels. "The law, in civil cases, does not attempt to penetrate the secret motive which induced the act brought in judgment, but judges of its legal quality solely by the consequences which have actually and necessarily proceeded from it. It is no less a dictate of justice, than of sound reason, that every person must be understood to have intended to do just what is the natural consequence of his act deliberately done." The aggrieved person, in cases of this class, is not required to show intentional fraud, but he makes a sufficient case to give him a right to protection when he shows that the defendant is using his label, or one so nearly like it as to render deception of public and injury to himself

“The vital question,” said the court, “in cases of this kind is not what did the defendant mean, but what has he done? The legal quality of an act, resulting in injury, must be decided, not by the motive with which it was done, but by the consequences which have necessarily resulted from it.”

The oldest of the foregoing cases are founded, not on special provisions of statute, but on general equitable principles laid down in the rough, in cases that preceded any trade-mark statutes in England or America. These are general principles and apply to all cases, whether of statutory infringement or of unfair competition as that term is generally understood; and we believe further, that the cases which, long before the statutes, held that intent need not be proven or even presumed to warrant a court in stopping fraud, deceit, and injury, will ultimately be recognized as authority still.

§ 26. Cases Holding Intent Must be Proved.—In 1877, the Supreme Court of the United States first laid down the rule that intent must be proven to obtain an injunction against unfair competition. In *McLean v. Fleming*,²² Clifford, J., wrote: “Positive proof of fraudulent intent is not required where the proof of infringement is clear, as the liability of the infringer arises from the fact that he is able, through the unwarranted use of the trade-mark, to sell a simulated article as and for the one which is genuine. Nor is it necessary in order to give a right to an injunction that a specific trade-mark should be infringed; but it is sufficient that the court is satisfied that there was an intent on the part of the respondent to palm off his goods as the goods of the complainant, and that he persists in doing so after being requested to desist” (p. 254. Citing *Woollam v. Ratcliff*).²³

This case was decided in 1877, with the Act of 1870 in force.

probable, citing *Miller Tobacco Manufactory v. Commerce*, 45 N. J. L. 18-1883. “Neither is he required to prove that persons have actually been deceived, and that his adversary’s goods have been purchased under the belief that they were his. If it appears that the resemblance between the two labels is such that it is

probable, in the sale of the goods of the parties, that one will be mistaken for the other, enough is shown to make it the duty of the court to interfere” (id. pp. 167-8).

²² 96 U. S. 245-54-1877; 24 L. ed. 828.

²³ 1 Ham. & M. 259-1863.

The opinion opens with a reference to it. But this act was declared unconstitutional by the Trade-mark Cases.²⁴ It was not until 1881 that a valid act was passed. What influence the statute had on this decision it is not possible to discover. It is somewhat remarkable that in so important a case as this the court should overlook the cases just referred to which seem to speak so distinctly the other way. It would seem that had these cases been fully considered, some clear evidence of that consideration would appear in the opinion.

Following *McLean v. Fleming*, in 1890 the court decided *Lawrence Mfg. Co. v. Tennessee Mfg Co.*,²⁵ which stands distinctly for the necessity of proving intent. "Undoubtedly an unfair and fraudulent competition against the business of the plaintiff, conducted with the intent on the part of the defendant to avail itself of the reputation of the plaintiff to palm off its goods as plaintiff's, would, in a proper case, constitute ground for relief" (p. 549). This statement is founded on *Putnam Nail Co. v. Bennett*,²⁶ *New York & R. Cement Co. v. Coplay Cement Co.*,²⁷ *Wotherspoon v. Currie*,²⁸ *Thompson v. Montgomery*.²⁹ The court then added (p. 551), "but the deceitful representation or perfidious dealing must be made out, or be clearly inferable from the circumstances."

In 1900, *Elgin National Watch Co. v. Illinois Watch Co.*³⁰ was decided. It held that "if a plaintiff has the absolute right to the use of a particular word or words as a trade-mark, then if an infringement is shown, the wrongful or fraudulent intent is presumed, and although allowed to be rebutted in exemption of damages, the further violation of the right of property will nevertheless be restrained. But where an alleged trade-mark is not in itself a good trade-mark yet the use of the word has come to denote the particular manufacturer or vendor, relief against unfair competition or perfidious dealing will be awarded by requiring the use of the word by another

²⁴ 100 U. S. 82; 25 L. ed. 550.

²⁵ 5 L. R. H. L. Cas. 508-1872.

²⁶ 138 U. S. 537-1890; 34 L. ed. 997; 11 Sup. Ct. 396.

²⁷ 41 Ch. Div. 35-1889.

²⁸ 43 Fed. 800-1890.

²⁹ 170 U. S. 665-74; 44 L. ed. 365; 21 Sup. Ct. 270.

³⁰ 44 Fed. 277-1890; 10 L. R. A. 833.

to be confined to its primary sense by such limitations as will prevent misapprehension on the question of origin. In the latter class of cases, such circumstances must be made out as will show wrongful intent in fact, or justify that inference from the inevitable consequences of the act complained of."

Various state and federal courts have adopted a similar rule on the strength of these cases.³¹

³¹ *Day v. Webster*, 23 App. Div. (N. Y.) 601-1897; 49 N. Y. Supp. 314. There was no question of technical trade-marks here. Plaintiffs rested upon the introduction of the respective labels. They offered no *scintilla* of evidence tending otherwise to show that confusion had arisen from the two labels. Court held labels would not confuse and refused to enjoin and that fraud was essence of action for unfair competition.

Goodman v. Bohls, 3 Tex. Civ. App. 183-88-1893; 22 S. W. 11. "And if you further believe that * * * Goodman placed on the market in said county of El Paso, and sold in said market * * * packages bearing such a resemblance to said package of the plaintiff as would deceive the purchaser using such ordinary care as the purchasers would exercise ordinarily in purchasing such goods; and if you further believe that defendant used such mode and manner of packing said tobacco with the design to sell the same in the said market as the tobacco of the plaintiff and thus secure a sale of his tobacco which except for such resemblance to plaintiff's packages he would not have, then you will find a verdict for the plaintiff. * * * If the defendant's packages in shape, color, material of packages, size, marks, and devices

should so far resemble those of the plaintiff's as would be apt to mislead the class of customers generally to whom the same is sold in said market, it is such resemblance as above referred to." This charge upheld on appeal.

N. K. Fairbank Co. v. Windsor, 61 C. C. A. 233-1903; 124 Fed. 200-35 (C. C. A. 2d Cir.). In unfair competition cases "there can be no recovery unless the court is satisfied that there has been an intent on the part of defendants to palm off their goods as plaintiffs. In many of these unfair competition cases the fraudulent intent is inferred from the facts, sometimes against the sworn protestations of the infringer that he was trying to differentiate his packages from those of the complainant not to simulate them. But in all cases where there has been a recovery, intentional fraud has been found."

Faber v. Faber, 124 Fed. 603-1903 (C. C. S. D. N. Y.). Decision by Ray, district judge. "Actions to restrain unfair competition in trade, it is said, are based essentially upon fraud. That fraud must be proved. It cannot be inferred from unimportant similarities not calculated to mislead the purchaser. (*Kipling v. G. P. Putnam's Sons*, 120 Fed. 631; 65 L. R. A. 873)" (at p. 609). The court cites *Lawrence Mfg. Co. v. Ten-*

§ 27. Fraudulent Intent May be Presumed.—Intent is the state of mind in which or the purpose with which one does an act. Again, it is “the character which the law imputes to an act, irrespective of the personal intention of the actor.”³² To prove the state of mind of the defendant when the acts in question were done, is difficult to say the least—and the question practically narrows itself down in many cases to this: What are the acts on which the law will impute a fraudulent intent to injure a rival’s business; what are the facts on which the law will found a presumption of intent to defraud? For, although our courts do not admit that an injunction may issue where no intent to do so is shown, they do go far to raise a presumption of such intent in the absence of specific proof.^{32a}

§ 28. No Actual Proof of Intent Necessary for Presumption.—The law will presume an intent to defraud even when there is an utter lack of proof of personal intent to deceive on the part of the defendant. The legal intent, which the law bases upon a person’s acts and then imputes to him personally, may exist regardless of whether he actually intended to do harmful acts or not. If, for instance, one does, innocently, acts which are likely to defraud his rival, and on learning their baleful effect he continues them, the law will not permit him to say his personal intent was to benefit his rival or not to injure him. Relief in actions for

nessee Mfg. Co., 138 U. S. 537-1890; 34 L. ed. 997; 11 Sup. Ct. 396.

Lamont, Corliss & Co. v. Hershey, 140 Fed. 763-4-1905 (Cir. Ct. N. D. Pa.). Preliminary injunction denied where defendant sold chocolate in packages somewhat similar in size, shape, color, etc., to complainant’s, the words and decoration on the wrappers being entirely different. “To make out a case of unfair and fraudulent competition,—an effort, in other words, to steal the trade built up by another,—there must be an actual wrongful intent to deceive the public into the belief that the goods of the one party are the goods

of the other, accompanied by such acts and devices as are likely to do so, or such duplication in form and dress of the one by the other as will produce a confusion calculated to bring this about, of which the party complained against is convicted of being willing to have the benefit.” Paul on Trade-Marks (p. 381): “It (Equity) will not enjoin the imitation of labels, bill heads, and commercial names of a rival trade unless such intentions are fraudulently designed, and have a tendency to occasion damage.”

³² Standard Dictionary, 937.

^{32a} Pleading intent, 164 Fed. 842.

unfair competition is not dependent upon actual fraudulent intent, where the conduct of defendant would be likely to deceive purchasers as to the origin of the goods. "A person is ordinarily held to intend the consequences of his acts, when he understands his acts, and they are deliberate, especially; and, if such acts by a business competitor are calculated to deceive the trade, the public, and the user, and to palm off the goods or manufactures of such person for those of his competitor, and such is the actual result, and such person refuses to cease such conduct, the legitimate conclusion is that he intended and intends to cheat and defraud not only the competitor, but the trade, the general public, and the users and consumers. Such acts, persisted in, constitute fraud."³³

§ 29. Knowledge of Plaintiff's Rights on Part of the Defendant is Unnecessary.—It is not necessary to the deceit of a purchaser, within the meaning of these cases, that he should distinctly recall, when buying the goods, the name of the maker of them that he has known in the past. Deceit may occur, although the buyer did not recall at all the name of the goods he has bought before or their maker. The injury to the older line of goods is complete, if, in any way, the defendant has continued to substitute his own goods in place of its goods, in the hands of purchasers who would ordinarily, except for the acts of the defendant, have purchased the older line of goods.

It was held in *Cartier v. Carlile*,³⁴ that it will be presumed that, where there has been a colorable imitation of a trade-mark, the person making it intended to imitate the genuine trade-mark, though he knows nothing as to the identity of its owner. This was held to be the fact in the *Yorkshire Relish* case,³⁵ where this commodity was made and sold by persons who did not know the true formula. Many persons did not know who were the original makers of the relish. They only knew the name. It was held fraudulent for others to so use the name as to be able to sell their goods to persons who desired the true Yorkshire. In such a situation as this, it does not repair the injury suffered by the complainant to show

³³ *Faber v. Faber*, 124 Fed. 603-10-1903.

³⁴ 31 Beav. 292-1862.

³⁵ *Birmingham Vinegar Brewery Co. v. Powell*, (1897 A. C. 710, 66 L. J. (Ch.) N. S. 763-1897.

that the offending article was put upon the market unintentionally, nor does the knowledge of that fact give any assurance that in the future these damaging conditions will be done away with. The law is content with proof of the acts *likely* to deceive, and does not demand proof as well of the state of mind of the defendant during the period when he committed the alleged unfair acts.

A trader adopts a name or brand which he supposes is used by no one except himself. It turns out later that it had been in use by another, prior to his adoption of it, and that his continuing to use it will result in injury to this first user. It has been often held that, in such a situation, the rights are all with the first user, and it is the duty of the one who later adopts the name to distinguish his use of it.³⁶ To use the words of Judge Holmes in the Waltham case: "The plaintiff merely on the strength of having been first in the field, may put later comers to the trouble of taking such reasonable precautions as are commercially practicable to prevent their lawful names and advertisements from deceitfully diverting of plaintiff's custom."³⁷ This being so, if this "later comer" persists in using the name or threatens to do so, the court is justified in assuming he does so with fraudulent intent. Such continued action on his part will raise a presumption of fraudulent and deceitful intent or purpose to pass off his business as that of the original user.³⁸ Fraud is the gravamen of the proceed-

³⁶ *American Waltham Watch Co. v. United States Watch Co.*, 173 Mass. 85-1899; 53 N. E. 141; 43 L. R. A. 826; *New England Awl & Needle Co. v. Marlborough Awl & Needle Co.*, 168 Mass. 154-1897; 46 N. E. 386; *McAndrew v. Bassett*, 4 De G. J. & S. 380-1864.

³⁷ *American Waltham Watch Co. v. United States Watch Co.*, 173 Mass. 85-1899; *Nesne v. Sundet*, 93 Minn. 209; 101 N. W. 490-1904.

³⁸ *Turton v. Turton*, 42 Ch. Div. 128-41-2-1899. "No man must pass off his goods as the goods of another. That is the principle upon which it

goes. Of course that may be done unintentionally, but where there is a manifest and natural meaning in the words used, that the goods are the goods of somebody else, and the man who uses these terms uses not his name only, but somebody else's, he would be stopped from doing so as soon as he is aware of the facts which make the *prima facie* intention and result of which he is doing, passing off his goods as goods of somebody else. It was formerly said that no action could be maintained unless a man has done so fraudulently and intentionally, but when

ing based on unfair competition. This fraud must be shown against the defendant; but this does not mean that it must always be proven that the defendant had in his secret mind the distinct intent and purpose to defraud the plaintiff. "The law does not attempt to penetrate the secret motives or intent with which the act is done, but contents itself with the conclusion that the party intended the natural and probable consequences of the act."³⁹

Where the case concerned the two names "Chicago Landlords' Protective Association" and "Chicago Landlords' Protective Bureau," *Koebel v. Chicago Landlord's Protective Association*,⁴⁰ it was held that "The law undoubtedly is, that the complainant, the Chicago Landlords' Protective Bureau, had no right to appropriate to itself the exclusive use of that name to the exclusion of the right of the defendants to use the descriptive words 'Landlords' Protective Department,' so long as the use of those words was with a legitimate and honest purpose, but whenever defendants, intentionally or otherwise, took advantage of the similarity of the name adopted by them to the one under which the complainant was incorporated and had been carrying on its business, to mislead the public or, without explanation, allowed their clients to be misled into the belief that the business associations were one and the same,

he finds out that the natural construction of what he is doing, when the facts are known, is to represent his goods to be somebody else's, then he would be stopped, even though he had originally done that unintentionally, and innocently."

Meldrum v. Shubert, 2 Ill. Cir. Ct. Rep. 293-1904. Complainant leased and had for one season conducted a small theatre, chiefly patronized by residents of the vicinity, under the name of the "Garriek" theatre. Defendants then leased a large metropolitan theatre, formerly known as the "Dearborn" theatre, and called it the "Garriek" theatre. Prior to

complainant's use of the name defendants had announced the intention to use this name; this was, however, not known to complainant; and defendants made no actual use of the name until complainant's first season was over. *Held*, that defendants should be enjoined from using the name, and that it was not necessary to support an injunction that it should be shown that pecuniary loss would result to complainant from defendant's acts.

³⁹ *McCann v. Anthony*, 21 Mo. App. 83-90-1886.

⁴⁰ 210 Ill. 176-182-3-1904; 71 N. E. 362.

it violated the lawful rights of the complainant and the plainest principles of equity. Fraud is the gist of actions of this kind. Courts of equity will never enjoin the use of generic or descriptive words in a trade-mark or a business name except upon an allegation and proof of actual fraud resulting from the similarity of the names, tending to lead those dealing with the parties to believe that they are one and the same, even though they use ordinary care to discriminate between them.”⁴¹ * * * “We think the true ground upon which the jurisdiction of a court of equity to restrain the defendants, as prayed in this bill, rests, is that the name assumed by the defendants is so similar to that of the complainant as to mislead and confuse the public mind in the city of Chicago as to the identity of the business in which the two parties were engaged.”⁴² Continuation of the use of a name after the defendant knew of the plaintiff’s prior use is sufficient evidence of intent to defraud.⁴³ If a person attempts to restrain a colorable imitation, and he cannot prove that the defendants have tried to steal his trade, he must show beyond all question, that the goods are so gotten up as to be calculated to deceive.⁴⁴ Intent to deceive may not render one liable for unfair competition, even if deception actually occurs. Such deception is not proved, if the imitation is in features

⁴¹ See also *Ball v. Siegel*, 116 Ill. 137-1886; 4 N. E. 667; *Elgin Butter Co. v. Elgin Creamery Co.*, 155 Ill. 127-1895; 40 N. E. 616; *Allegretti v. Allegretti Chocolate Cream Co.*, 177 Ill. 129-1898; 52 N. E. 487; *Int. Com. Y. W. C. A. v. Y. W. C. A. of Chicago*, 194 Ill. 194-1902; 62 N. E. 551.

⁴² *Investor Pub. Co. v. Dobinson*, 72 Fed. 603-1896 (C. C. S. D. Cal.); *Guardian Fire & Life Assur. Co. v. Guardian & Gen. Ins. Co.*, 50 L. J. Ch. N. S. 253-1880; *Lee v. Haley*, L. R. 5 Ch. App. Cas. 155-1869; *Knott v. Morgan*, 2 Keene 213-1836; *U. S. Mercantile Reporting Co. v.*

U. S. Mercantile Rep. & Collecting Assn., 21 Abb. N. C. (N. Y.) 115-1888; *Matsell v. Flanagan*, 2 Abb. Pr. N. S. (N. Y.) 459-1867; *Lamb Knit Goods Co. v. Lamb Glove & Mitten Co.*, 120 Mich. 159-1899; 78 N. W. 1072; 44 L. R. A. 841; *Sanders v. Jacob*, 20 Mo. App. 96-1885; *Newby v. Oregon Central Ry.*, Deady (U. S. D. Oreg.) 609-1869.

⁴³ *Fuller v. Huff*, 104 Fed. 141-1900 (C. C. A.); 51 L. R. A. 332; *Orr v. Johnston*, 13 Ch. Div. 434.

⁴⁴ *Payton & Co. v. Snelling, Lampard & Co.*, (1901) App. Cas. 308 (House of Lords).

common to the trade, and not in points that are peculiar to the goods of complainant.⁴⁵

§ 30. Denial of Intent Will Not Avail Defendant.— The denial of intent to injure will not avail a defendant. Under proper circumstances the court will find in his acts evidence of an intent to defraud even in the face of his most explicit denial that he ever intended to pass off his goods as those of the complainant. “And such intent may be, and often is, made out, not from direct testimony, but as a clear inference from all the circumstances, even when defendant protests that his intention was innocent.”⁴⁶ The respondent in *Wotherspoon v. Currie*⁴⁷ said: “There is no reason in the world why I should take the name, because I manufacture something superior, and at a cheaper price, therefore, why should I take the name of the plaintiffs?” The comment of the Lord Chancellor on this plea was this: “Well, then, one naturally asks, why should he do anything to lead the people to suppose that his name is to be in any way associated with Glenfield, or this inferior article (as he says) with his.” The court in *Keller v. Goodrich Co.*,⁴⁸ citing this passage, said: “So may we ask here, why should the appellant, doing business in Fort Wayne, Indiana, do anything to associate his name with Akron, in the State of Ohio? The natural presumption is that he expected to derive benefit from it, and secure buyers from among those who had bought and used the Akron dental rubber. If we may assume, as we justly may, that he intended to mislead, and not in good faith to convey information, we must carry this assumption to its logical consequences, and assert that his act was likely to accomplish what he intended it should.”

Not only will fraudulent intent be presumed in the face of the defendant's specific disclaimer of such intent, but it will be presumed in the face also of contract provisions, which would tend to show proper motives, when the court is satisfied that it was not intended by the parties that these pro-

⁴⁵ *United States Tobacco Co. v. McGovern*, 144 Fed. 531-1906 (C. C. Mass.); *affd.* 144 Fed. 1022.

Bell Mfg. Co., 77 Fed. 869-1896, at p. 870 (C. C. A. 2d Cir.).

⁴⁶ L. R. 5 H. L. 508-1872.

⁴⁷ *N. K. Fairbank Co. v. R. W.*

⁴⁸ 117 Ind. 556-60-1888; 20 N. E. 493.

visions should be carried out. In *R. Heinisch's Sons' Co. v. Boker*,⁴⁹ various contracts were made by parties to the action as to the use of name "Heinisch." It appeared that, while the ostensible objects of the contracts were not carried out, the Heinisch name had been so used as to deceive the public. Held: "In these circumstances, it must be presumed that the defendants contemplated the natural consequences of their acts irrespective of those carefully worded provisions of said contract which apparently were never intended to have any effect." See § 102, note 26.

Assuming that up to the time an injunction is asked, the defendant has acted with entire good faith, firmly believing that he was causing no injury to the plaintiff and usurping none of his rights, still he will be enjoined. His opinion as to the result to the plaintiff of his act is not the test, and it should be disregarded by the court. If the court believes the necessary consequence of the defendant's action is deceit and this deceit may or does injure the plaintiff, an injunction should issue. The owner of an honest business reputation, or of a valuable brand or name, is entitled to protection as well against persons who injure him innocently as against those who would injure him intentionally. In *Cuervo v. Landauer*,⁵⁰ the defendant bought labels from a dealer in such articles, and did not know that in using them he would interfere with the plaintiff's business. Nevertheless it was held he should be enjoined. "That defendants did not know that the labels, which they bought, as they aver, from a cigar-box maker were infringements, is no reason for refusing the relief prayed for. The owner of a trade-mark is entitled to protection against ignorant as well as against malicious infringers."

It is well established that the use of a corporate name will be enjoined, which, though adopted with perfect good faith, is calculated to confuse and deceive. Ground for such interference is to be found in the detriment to the complainant which cannot be otherwise remedied or reached; and further, if it is shown that, although innocent of fraudulent intent at the outset, on being apprised of the injury he is inflicting

⁴⁹ 86 Fed. 765-69-1898 (C. C. S. D. N. Y.).

⁵⁰ 63 Fed. 1003-1894 (C. C. S. D. N. Y.).

on the plaintiff, the defendant continues to use the offending mark or name, that fact will warrant a very strong presumption of deceitful purpose on his part.⁵¹

§ 31. Proof of Specific Orders to His Agents and Servants to Act Fairly Will Not Excuse Defendant.— Specific instructions to salesmen to refrain from any statements or representations that would tend to mislead will not prevent this presumption from arising where the facts otherwise justify it. Judge Lacombe has said in *Enterprise Mfg. Co. v. Landers, Frary & Clark*,⁵² “It is elementary law that, when the simulation of well-known and distinctive features is so close, the court will assume that the defendants intended the result they have accomplished, and will find an intent to appropriate the trade of their competitor, even though, in their instructions to their own selling agents, they may caution against oral misrepresentations as to the manufacture of the goods. There is evidence to show that purchasers have been deceived as to the identity of these mills, but, in the case of a Chinese copy, such as the defendants offer to the public, such proof is hardly needed.”⁵³

§ 32. Actual Injury to Plaintiff by Defendant Must be Imminent.—Although a definite intent and plan on the part of the defendant to pass off his goods as those of the plaintiff and to injure him in his trade be clearly shown, yet if he never provides himself with the actual or probable means of accomplishing such a result there is no basis for a cause of action on the ground of unfair competition, and, in such a case, no presumption of intent to defraud will arise.⁵⁴

⁵¹ *Van Houten v. Hooton Cocoa & Chocolate Co.*, 130 Fed. 600-3-1904 (C. C. N. J.). “While innocent of artifice in the beginning, the refusal of the defendants to grant this concession, and their insistence on the continued employment of that which is shown to be objectionable, and can make no material difference to them on any honest basis, may warrant a somewhat different conclusion as to their present intention, which of itself might call for relief.”

⁵² 131 Fed. 240-1904 (C. C. A. 2d Cir.).

⁵³ *Dodge Stationery Co. v. Dodge*, 145 Cal. 380-90-1904; 78 Pac. 879, that it is quite unimportant whether the defendant used the name Dodge with fraudulent intent or not. If the necessary result was deception, the fact that it acted with an honest purpose will not aid it.

⁵⁴ They “never used any means calculated to accomplish it, and they adopted those admirably suited to

“ The intention to palm off one's goods as those of another, and the use of suitable means to effect that intention, are both essential elements of a good cause of action for unfair competition. The intention alone, without the actual or probable use of means calculated to convey a false impression to the public mind, and to mislead and deceive the ordinary purchaser, furnishes no ground for relief, because an intent to injure, where no injury is or will be inflicted, causes no legal damages.”⁵⁵

§ 33. Unimportant Facts not a Basis of Presumption of Intent to Defraud.— Furthermore, presumption of fraudulent intent must be based on facts which are important. “ It cannot be inferred from unimportant similarities not calculated to mislead the purchaser.”⁵⁶ As it is similarity and not identity that the unfair merchant seeks, the apparently unimportant features sometimes become important. He is presumed to know and intend the necessary consequences of his acts, and must usually answer for the probable and ordinary consequences of them.⁵⁷

§ 34. Presumption of Fraud May Arise from Similarity of Name or Get Up.— Presumption of fraud may arise from use of similar names. The earlier stand taken by some courts was that no one should be allowed to create a monopoly of the use of his own name, to the use of which others who bear

defeat it. Their intention, therefore, becomes immaterial.” *Kann v. Diamond Steel Co.*, 89 Fed. 706–1898, at p. 712 (C. C. A. 2d Cir.); 32 C. C. A. 324; *Hopkins Trade-Marks*, p. 256; *Centaur Co. v. Marshall*, 97 Fed. 785–1899 (C. C. A. 8th Cir.); 38 C. C. A. 413; *Postum Cereal Co. v. American Health Food Co.*, 119 Fed. 848–1902 (C. C. A. 7th Cir.); 56 C. C. A. 360.

“ *Wrisley Co. v. Iowa Soap Co.*, 122 Fed. 796–1903 (C. C. A. 8th Cir.); *McLean v. Fleming*, 96 U. S. 245–1877; 24 L. ed. 828; *Kann v. Diamond Steel Co.*, 89 Fed. 706–1898 (C. C. A. 8th Cir.); 32 C. C.

A. 1324; *N. K. Fairbank Co. v. R. W. Bell Mfg. Co.*, 77 Fed. 869–1896 (C. C. A. 2d Cir.); *Kann v. Diamond Steel Co.*, 89 Fed. 706–1898 (C. C. A. 8th Cir.); 32 C. C. A. 324.

“ *Faber v. Faber*, 124 Fed. 603–1903, p. 609.

“ Every man, acting intelligently, will be presumed to intend the necessary consequences of his acts. *Holmes, Booth & Haydens v. Holmes, Booth & Atwood Mfg. Co.*, 37 Conn. 278–1870, at p. 296. “ The same presumption applies, with less force perhaps, to the probable and ordinary consequences.”

it may be equally entitled. In these cases the fact was overlooked that the honest dealer desires a name which can be associated only with his own particular business house and which cannot by any chance be confused with the name of some other concern. It may usually be presumed that where a person sets up a business under a name similar to one already in use, even though that name be his own, he is not taking that name because it is necessary to take it, nor because using it is essential to his success, but because he hopes by the confusion resulting from using it to get for himself some of the trade which belongs to the established concern. To wish to get all of this trade he can is not condemned by the law, but to try to get it by creating in any way the idea in the minds of the public that his concern is not his, but the older house, is rightly condemned, and here is the gravamen of the injury which is the result of his use of the name.

Where such a state of facts as this is found, equity does not necessarily wait for definite proof of fraud, but will presume that an intent to create confusion and to defraud was in the defendant's mind when he did the acts complained of. Those who honestly desire distinctive reputations for their own goods, do not strive to so get them up as to be likely to resemble other goods of a like sort. They do not start out by adopting the most individual and particular features of the dress and makeup of a rival's goods. Consequently, when a manufacturer is found doing this, it may safely be presumed he has some object, some definite purpose in mind. When it is further found he has expended large sums in advertising his competitor's distinctive insignia, a similar deduction may be made. Any facts which show that a maker or vendor of goods strives to adopt and advertise on his own goods or in connection with his own goods, distinctive features of the goods of a rival, may be made a basis of a presumption of fraud. Honest rivals do not copy. Men ambitious to succeed on their own merits do not spend money to masquerade as some other person and are particular to avoid anything which promotes a knowledge of a rival's goods.

Intent is a subtle thing; it cannot be seen, and can only be identified by acts which are seen and which are prompted

by it. The statement of a dealer who has copied the get-up of a rival's goods, that he intends to keep his goods as individual as possible and not to injure anyone, falls as valueless, when a court finds, by placing his goods beside those of his competitor, that it is difficult to tell them apart; and it must be presumed he intended to do that which, if they are to believe their eyes, he has actually done. The fact that the designer of the offending mark was an expert, or was a man of intelligence and experience, will be taken into consideration in judging of the effects of the acts done by him. The Circuit Court of Appeals, Second Circuit, has very aptly described the effect of a simulation from which intent will be presumed, in *N. K. Fairbank Co. v. R. W. Bell Mfg. Co.*⁵⁸ "It may fairly be assumed that the individual who designed defendant's yellow and black package was an expert, familiar with the trade; that the changes he made in the old package were all in the direction of complainant's package is manifest; that he was intelligent enough to make such changes in order to accomplish a definite object will surely not be disputed; and that such object was the production of a package resembling complainant's is the irresistible inference. Business men of ordinary acuteness, who wish to establish a distinctive reputation for their goods with the general public, who seek to have such goods so arrayed that they will always be unmistakably recognized by the public, certainly do not begin by assimilating the elements of their design to those of some one competing manufacturer. When they are found doing this, it must be assumed that, for some reason or other, they prefer to have their goods arrayed, not in a distinctive dress, but in one resembling their competitor's; and, when it appears that such competitor has expended upward of \$300,000 in advertising his packages, that reason is not hard to find. The actions of defendant's own officers are to our minds strong evidence that, in their opinion as experts, their new black and yellow package was one likely to become confused in the minds of the public with the existing well-known package of complainant. Men act from motives, and, unless the new style of package was devised for this very purpose, no motive for its cre-

⁵⁸ 77 Fed. 869-77-1896 (C. C. A. 2d Cir.).

ation is shown in the record, or in anywise suggested. That it was the result of a fortuitous aggregation of elements is an hypothesis which cannot for one moment be entertained. It was designed by an intelligent creator, and, so far as we can see, for but a single purpose, and that purpose a species of competition in trade which courts of equity hold to be unfair. We are not left to inferences, however, to determine whether that purpose has been accomplished. In many cases, where simulation is plain, injunctions have been issued without proof of specific instances of deception. Such evidence, however, is always competent, and often illuminative. In the case at bar there is evidence of several instances where purchasers asking for "Gold Dust" have had defendant's soap powder palmed off on them, being deceived by the general appearance of the package. More persuasive, however, is the evidence of retail dealers who buy from defendant and sell to the consumer. It is the testimony of experts. One of them, a grocer in Wilkes-Barre, Pa., testifies that defendant's salesman, as an inducement to purchase, called his attention to the similarity of the packages, and the possibility of passing off one for the other. The salesman contradicts this statement, and we give no weight to it; but the grocer further testifies that he perceived the resemblance, bought the defendant's soap powder, and has repeatedly passed it off on customers who asked for "Gold Dust." Another grocer, who keeps both kinds of powder, testified that he has often substituted one for the other, since there is more money for him in selling the defendant's at the same retail price, as it costs 25 per cent. less at wholesale; that, when customers asked for "Gold Dust," he would generally go to the shelves, and hand them defendant's soap powder; that some customers were not deceived, but that the packages resemble each other so closely that a dealer can repeatedly, in most cases, substitute one for the other; and that he has known personally of many such cases" (id. p. 877-78).

§ 35. Presumption of Fraud Arises from so Selling Goods that Vendees May Pass Them Off Fraudulently.—The same presumptions which arise from so marketing goods as to deceive the person who buys at retail, will arise from

facts which show that the defendant's acts made it possible for him who bought the goods to again sell them in such a way as to deceive the ultimate purchaser.⁵⁹

That evidence of intent is difficult to get, need not be argued. The court is forced to look to small details of the conduct of the defendant oftentimes to find evidence of his real intent. North imitated underwear made in a special manner by Scriven,—and his salesmen distinguished between “a” Scriven drawer, meaning one made after the pattern of Scriven’s, and “the” Scriven drawer — meaning one made by Scriven himself. This and collateral facts were held a basis for a presumption of fraud by the Circuit Court of Appeals in 1904.⁶⁰

⁵⁹ *New England Awl & Needle Co. v. Marlborough Awl & Needle Co.*, 168 Mass. 154-55-1897; 46 N. E. 386. Plaintiff used a bronze colored box, with brown label on top and one side with printed inscriptions, tied with orange string. Defendants used box indistinguishable in every way except that instead of the words “Manufactured and warranted by the New England Awl & Needle Company, West Medway, Mass.,” it bore the words “Manufactured by the United States Awl & Needle Co., New York.” Plaintiff had used their box for twelve years at time of action and defendant two years. Held by Judge Holmes that defendant contended he “did not intend to deceive the public by passing off their goods for the plaintiffs’, but this must be taken pretty strictly. They knew that they were putting the power to do so into the retail dealers’ hands. It can hardly be doubted that they contemplated that the wholesale dealer at whose request they put up their awls in this form, with full knowledge of the plaintiff’s prior use, would or might try to de-

ceive the public, and whether they did or not is immaterial.”

⁶⁰ *Scriven v. North*, 134 Fed. 366-74-1904; 67 C. C. A. 348. “There is little direct testimony connecting the defendants or their authorized agents with any positive acts. In the nature of things this would be so, for persons about to engage in unlawful or questionable undertakings are not likely to proclaim their purposes on the house-tops; but there is some testimony which tends to show that the defendants directly, through their authorized agent, endeavored to market their goods under the guise of the complainants’, and that is the testimony of Anderson, who was the manager of the New York branch for several years prior to January 1, 1902. He says that he kept a sample of the Scriven drawer on the counter in the New York office; that when customers came in and asked for an elastic seam drawer he would sell them defendants’; if they asked for ‘The Scriven drawer,’ he would show them defendants’ and sell it; and so if they asked for a No. 50. The following questions and answers

A further idea of what a court will consider sufficient evidence of intent may be found in *Bickmore Gall Cure Co. v. Karns*, where the use of a name similar to plaintiff's and other acts of the defendant were held to warrant a presumption of fraud.⁶¹ Here it was held also that a court would not

illustrates the method: "Then you made a difference between "a" Scriven drawer and "the" Scriven drawer, is that it? A. Yes; when a man asked for a Scriven drawer, I knew that he wanted the side-seam drawer, and I showed him ours. Q. And sold him yours? A. Yes, sir.' And in another answer he says: 'We had a sample of the Scriven drawer on our counter, and I have said that it was made the same as Scriven's drawer, with the exception of the crotch pieces in the seat.' The inference seems to be clear that this sample of Scriven's drawers was kept, not for the purpose of showing the difference between the two, but to show the absolute identity between them, so that purchasers, mainly jobbers, who bought to sell again, could see that the defendants' were such an imitation of the Scriven drawers that they could easily be sold again as genuine Scriven."

"*Bickmore Gall Cure Co. v. Karns*, 134 Fed. 833-1905; 67 C. C. A. 439. "The appellant spent a considerable sum in advertising, and had finally succeeded in establishing a profitable trade, when the appellees attempted to appropriate the phraseology which it had long used, and so to reap the benefit of its efforts and expenditures. They learned that the law would not permit this to be done, and they made some changes; but they were only colorable. The wrongful purpose was neither aban-

doned nor hindered. It was only more speciously, but still potently, pursued. In consequence of its long-continued use of the picture of a working horse, in connection with the phrase, 'Be sure to work the horse,' the appellant's remedy had become well known as 'Work the Horse Gall Cure,' before the appellees applied to their remedy the picture of four working horses in connection with the words 'Four Horse Gall Cure,' and the phrase 'Always work the horse while using the cure.' These matters, with some slight and unimportant variations, prominently appear upon their several packages, circulars, display cards and directions. Their larger boxes, in which the smaller ones are delivered to dealers, are of substantially the same size, and of exactly the same shape, as those of the appellant. Both are yellow or yellowish in color; and the smaller boxes, in which the respective salves are sold at retail, present like features of correspondence. * * * The true question is not whether the boxes, circulars, advertisements, and directions of the appellees are, in their details, the same, or nearly the same, as those of the appellant, but whether the general effect produced by those of the appellees is such as would be likely to lead ordinary purchasers to accept their gall cure as being that of the appellant; and our consideration of the evidence, and especially that of

rest its decision on a minute comparison of the detail of labels, boxes and names, but on the general impression that all these features make.

§ 36. Presumption May be Based on Manner in which the Truth is Told.— Speaking the truth will sometimes furnish a basis for a presumption of fraud. Causing salesmen to make equivocal or literally true statements to customers in such a way as to confuse them, or creating subtle distinctions between brands of goods, in dealing with purchasers or asking customers which of two brands of goods they wish, when the dealer knows they are aware of the existence of but one, will create such a presumption.

Defendant had been enjoined from use of "Baker's Chocolate," etc., without distinguishing between "W. H. Baker's Chocolate" and "Walter Baker's Chocolate." Thereupon he told his clerks to ask customers which chocolate they wanted — "We have two Bakers. Which do you want, W. H. or Walter Baker?" Nine out of ten would answer "which ever is best." Salesmen would then give them W. H. Baker's. The court said: "The purchaser was entitled to that which he demanded, to that which had been approved to his taste by experience or which he had been recommended to purchase. In the market there were no two Baker's products. There

the exhibits, has irresistibly led us to the conclusion that it is. The complainant would have been entitled to protection against the attempt to deprive it of its trade or customers even if it had not proved that such attempt had been successful." *McLean v. Fleming*, 96 U. S. 245-1877; 24 L. ed. 828. "The means devised to that end were well calculated to mislead, and it was not essential that any particular person should have been actually misled." *Scheuer v. Muller*, 74 Fed. 225-1896; 20 C. C. A. 161; *Swift & Co. v. Brenner*, 125 Fed. 826-1903 (C. C. S. D. N. Y.). "But we may add without referring to the testimony in detail, that we think

it sufficiently shown that, in at least some of the instances to which it relates, the object designed was accomplished." *Hildreth v. McDonald*, 164 Mass. 16-1895; 41 N. E. 56. Plaintiff put up candy in paper and printed word "Velvet" in red letters on end of papers and in middle. Defendant used combination of size and shape of candy, which it had a right to do. But in addition it began to print in Roman letters instead of script the word "McDonald" in red ink in middle of its wrapper and not on ends. *Held*, public were deceived and that the resemblances were not accidental.

was but one, and that was the product of Walter Baker & Co., Limited. The courts had enjoined William Henry Baker from using the word "Baker" alone, and had required to be prominently placed upon each package the statement that "W. H. Baker is distinct from the old chocolate manufactory of Walter Baker & Company." No such statement or representation by the appellee was directed to be made to the inquirer for "Baker's Chocolate" or "Baker's Cocoa." Instead there is manifested a clear design to mislead and confuse the proposing purchaser with the statement that there were two Baker products in the market. The court here says: "We do not mean to say that it is not within the province of the seller to represent to the proposing purchaser that another article which he has is superior in excellence to that which is called for, and to induce him by proper argument or statement to purchase the other, but he must not represent such other to be the product which the purchaser called for."⁶²

⁶² *Baker v. Slack*, 130 Fed. 514 (C. C. A.).

CHAPTER III

WHAT IS SIMILARITY?

SECTION 37. Test of similarity is general impression made, not detailed examination.

38. Similarity does not mean exact likeness.

39. Care used by average buyer of the class of article in question must be considered.

40. Character of the article and the habits and intelligence of the consumer.

41. Comparison is not the test of similarity.

42. Imitation of salient features.

43. Necessary physical requirements of the article must be considered.

44. Distance between competitors a factor in deciding as to similarity.

45. Deceit of ultimate purchaser, not of middleman, is the important consideration.

46. Similarity of color, shape, size, etc.

47. Similarity of names.

While it is difficult to define Similarity generally, it may be said that if the offending article is calculated to deceive ordinary purchasers buying with the ordinary care exercised in such transactions, Similarity usually exists.

So long as there are many chancellors, so long will their opinions on such a question differ. The New Jersey court of equity has laid down the following rule, but it is qualified by the court in the case in which it is enunciated: "If the counterfeit so closely resembles the genuine as to mislead ordinary purchasers, buying with the care usually exercised in such transactions, the use of the counterfeit should be prohibited. An important part of this rule, as it applies to this case, is that clause of it which directs that, in determining whether the counterfeit so closely resembles the genuine to be likely to deceive the ordinary buyer, the court must take into consideration the degree of care which buyers usually exercise in buying such an article as that which is the subject of the distinguishing mark; for it is a matter of common knowledge

that the ordinary buyer does not, as a general rule, exercise as much caution in buying an article for which he pays a few pennies as he does in purchasing a more valuable thing. The instances are very rare, I suppose, where a purchaser exercises as much care in buying a bottle of beer as he does in buying a bottle of whiskey, a box of cigars, or a hat or a coat."¹ In *Payton & Co. v. Snelling, Lampard & Co.*,² Lord Macnaghten said: "I think it very desirable to bear in mind what Lord Cranworth said on one occasion—that no general rule can be laid down as to what is a colorable imitation or not; you must deal with each case as it arises, and have regard to the circumstances of the particular case."

Similarity is like an equation of which the one known side is some large number, which is composed of many multiples and many combinations of numbers. The equation may be made up in very many ways. So, in a multitude of ways, a similarity of names or marks, within the definition of the word here used, may be created.³

§ 37. Test of Similarity is General Impression Made, Not Detailed Examination.—In deciding as to what is or is not similar, the court should not depend on elaborate description of the points of resemblance or those of difference; but should decide by the impression created by the name or mark on the ear or eye, thus deciding the question on the same basis as the purchaser who, in ordinary course of trading, is called upon to judge as to the identity of the defendant's name. It should be said here also that the buyer usually has not the chance of trial by side-by-side comparison. Such similarity as will deceive is that likeness which renders the average buyer unable to distinguish the defendant's name or mark

¹ *Wirtz v. Eagle Bottling Co.*, 50 N. J. Eq. 164-1892.

² (1901) App. Cas. 308-10.

³ *McLean v. Fleming*, 96 U. S. 245-51-1877; 24 L. ed. 828. "What degree of resemblance is necessary to constitute an infringement is incapable of exact definition, as applicable to all cases. All that courts of justice can do, in that regard, is to

say that no trader can adopt a trade-mark, so resembling that of another trader, as that ordinary purchasers, buying with ordinary caution, are likely to be misled." *Kroppf v. Furst*, 94 Fed. 150-1-1899 (C. C. N. J.); "Similarity which will warrant the interference of the court must be determined by the circumstances of each case."

from the memory of the plaintiff's name which he carries in his mind, not such as will enable him to know them apart when the two are put side by side before him.

Lord Russell, in *Liebig's Extract of Meat Co. v. Chemists Co-operative Society*, decided by the British Court of Appeal November 20, 1896,⁴ held that "one must be guided very largely by the judgment one forms by the use of one's own eyesight."

*Fischer v. Blank*⁵ holds that similarity is such resemblance as "is calculated to deceive, and does, in fact, deceive the ordinary buyer making his purchases under ordinary conditions which prevail in the conduct of the particular traffic to which the controversy relates. No inflexible rule can be laid down. Each case must be a law unto itself."⁶ It has been held, however, that direct comparison of the articles is a test of similarity. "The eye, at a glance, takes in the whole of one exhibit and the whole of another; and the comparison thus made is the surest, and only satisfactory way of satisfying the judgment as to the existence of the alleged deceptive imitation."⁷

§ 38. Similarity Does Not Mean Exact Likeness.—Similarity does not mean exact likeness—exact *facsimile*—a precise copy. If the court decides the likeness is sufficiently near to cause deception of the ordinary purchaser, this is enough. It need not be such an imitation that the two cannot be distinguished except by an expert or upon a critical exami-

⁴ 13 R. P. C. 736-38. See also p. 635 for case below.

⁵ 138 N. Y. 244-52-1893; 33 N. E. 1040.

⁶ Cited in *Dunn Co. v. Trix Mfg. Co.*, 50 App. Div. (N. Y.) 75-1900; 63 N. Y. Supp. 333; *Munro v. Tousey*, 129 N. Y. 38-43-1891; 29 N. E. 9; 14 L. R. A. 245n. "A court of equity should proceed in the exercise of its power with a wise and judicial discretion. In cases such as this, it should presume that the public makes use of the senses of sight

and hearing, and that it is possessed of a sufficient amount of intelligence to note the difference which the senses convey. The court ought not to interfere with the freedom of conduct of trade and with general business competition. Its power to restrain should be reserved to prevent fraud and imposture from some real resemblance in the name and appearance."

⁷ *Lorillard Co. v. Peper*, 86 Fed. 956-1898, at p. 958 (C. C. A. 8th Cir.).

nation by a person who knows the genuine article well. It is sometimes even sufficient that there are points of resemblance. The Supreme Court of the United States has discussed this question in *McLean v. Fleming*,⁸ as regards infringement, but what is there said applies to the general question of similarity in all cases of this sort.

“ Much must depend, in every case, upon the appearance and special characteristics of the entire device; but it is safe to declare, as a general rule, that exact similitude is not required to constitute an infringement, or to entitle the complaining party to protection. If the form, marks, contents, words, or the special arrangement of the same, or the general appearance of the alleged infringer’s device, is such as would be likely to mislead one in the ordinary course of purchasing the goods, and induce him to suppose he was purchasing the genuine article, then the similitude is such as entitles the injured party to equitable protection ” (id. p. 253). * * *

“ Difficulty frequently arises in determining the question of infringement; but it is clear that exact similarity is not required, as that requirement would always enable the wrongdoer to evade responsibility for his wrongful acts. Colorable imitation, which requires careful inspection to distinguish the spurious trade-mark from the genuine, is sufficient to maintain the issue; but a court of equity will not interfere when ordinary attention by the purchaser of the article would enable him at once to discriminate the one from the other. Where the similarity is sufficient to convey a false impression to the public mind, and is of a character to mislead and deceive the ordinary purchaser, in the exercise of ordinary care and caution in such matters, it is sufficient to give the injured party a right to redress.”

Here again is seen the great necessity of equity’s refraining from laying down exact rules and limits which it will enforce. To be able to do justice in all cases, it must be governed by elastic doctrines.⁹

⁸ 96 U. S. 245-55-1877; 24 L. ed. 828.

⁹ *Colman v. Crump*, 70 N. Y. 573-78-1877. “ It is not necessary that

the symbol, etc. * * * should be a *facsimile*, a precise copy, of the original trade-mark, or so close an imitation that the two cannot be dis-

§ 39. Care Used by Average Buyer of the Class of Article in Question Must be Considered.—Similarity such as will deceive the critical, well-posted buyer is not the degree of likeness necessary to this action. It is the buyer who uses ordinary caution in making his purchase, who is buying with the care usually exercised in such transactions, who must be deceived by this similarity. He who buys a bottle of ale does not use as much care as he who buys a watch. He who buys a handkerchief does not usually examine the goods offered him as carefully as he who purchases a suit of clothes,¹⁰

The class of persons who will purchase an article must be considered, in deciding as to what constitutes similarity. Names made up of technical words may be entirely distinct to the scholar's eye and ear and yet to an unlearned person they would seem the same.¹¹

The maker of goods, in choosing a name, is not bound to insure the negligent buyer. Neither he nor his competitor has a right to the monopoly of the trade of the careless or heedless or of those who have no preference as to which brand of goods they purchase. The law of unfair trade is intended to protect those who are careful—discriminating—in their buying and who have preferences as to what they buy. Yet, as has been said, the buyer must be considered as he exists; and if, in the case of certain kinds of goods, he is known to be heedless that fact should be considered.

The method of selling the goods, and the ordinary circumstances attending their sale must be kept in mind. While the court is not bound to interfere, where ordinary attention will enable the purchasers to discriminate between the trade-marks used on the goods manufactured by different parties, nevertheless, the character of the article, as well as the use to

tinguished except by an expert, or upon a critical examination by one familiar with the genuine trade-mark.

• • • If the resemblance is calculated to deceive the careless and unwary and thus injure the sale of the goods of the proprietor of the trade-mark, the injured party is entitled

to relief." See also *Tallcot v. Moore*, 6 Hun, 106-1875.

¹⁰ *Wirtz v. Eagle Bottling Co.*, 50 N. J. Eq. 164-1892; 24 Atl. 658; *Fairbank Co. v. Bell Mfg. Co.*, 77 Fed. 869-1896.

¹¹ *Fairbank Co. v. Bell Mfg. Co.*, 77 Fed. 869-1896 (C. C. A. 2d Cir.).

which it is put, the kind of people who are likely to ask for it, and the manner in which it is probable it will be ordered, must not be lost sight of.¹²

§ 40. **Character of the Article, and the Habits and Intelligence of the Consumer.**—The true similarity is the likeness by which the ordinary purchasers, buying with ordinary caution, are likely to be misled.¹³ The perceptions of the extremely stupid or extremely brilliant mind are not to be considered. The law presumes that the purchaser whom it must protect *en masse*, is a man of ordinary intelligence and sense, and it is further presumed that in the buying he will use ordinary care — no more, no less. Still in considering whether or not one device is similar to another, it is extremely important to know the intellectual capacity of the purchasers who will be called on to distinguish them. This is of least importance in cases involving two labels composed wholly of printed matter, which, of course, means nothing to those who cannot read. On the other hand, two marks composed of a device made of two elephants, for instance, with printed matter, might appear entirely different to one who could read, while, to one who could not read, they might seem exactly alike. Differences in a wrapper for a college man's scarf which might with entire justice be termed absolutely immaterial might be the means of great loss and injustice if used on calico sold in the South Sea Islands.

In *Johnston & Co. v. Orr Ewing & Co.*,¹⁴ plaintiffs had been using a label, the main feature of which was a device of two elephants. Defendant colorably reproduced this label. The plaintiffs' mark was the only mark using the figure of elephants known in the Oriental market, where plaintiffs sold their goods; and it became known as the "two elephants."

¹² *Popham v. Cole*, 66 N. Y. 69-1876; 23 Am. Rep. 22, and cases there cited; *Morgan's Sons Co. v. Trozell*, 23 Hun, 632-1881; reversed in 99 N. Y. 292-1882; 42 Am. Rep. 294; *Read Bros. v. Richardson*, 45 L. T. N. S. 54-1881; *Beard v. Turner*, 13 L. T. N. S. 747-1866; *Leidersdorf v. Flint*, 50 Wis. 400-1880; 7 N. W. 252; *Eggers*

v. Hink, 63 Cal. 445-1883; 49 Am. Rep. 96; *Orr Ewing & Co. v. Johnston & Co.*, L. R. 13 Ch. Div. 434-1880; *Apollinaris Co. v. Scherer*, 27 Fed. 18-1886 (C. C. S. D. N. Y.).

¹³ *McLean v. Fleming*, 96 U. S. 245-1877, at p. 251; 24 L. ed. 828.

¹⁴ L. R. 7 App. Cas. 219-25-1882.

The main resemblance between the two labels was the fact that on each was the figure of two elephants. Held, the label of the defendant might easily mislead the natives. Said the court: "To such persons, or at least to many of them even if they took notice of the differences between the two labels, it might probably appear that these were only differences of ornamentation, posture, and other accessories, leaving the distinctive and characteristic symbol substantially unchanged." No actual deceit was proved. "But in this case, the plaintiffs judged it necessary to proceed without waiting till actual deceit was proved, and I think they judged rightly, for as James, L. J., said (13 Ch. Div. 464) 'the very life of a trade-mark depends upon the promptitude with which it is vindicated' " (id. p. 229-30).

"A consumer who has been accustomed to purchase an article in a dress or package which has been familiar to him does not stop to read and examine. Many of the consumers of beer are unable to read, and many are foreigners and unacquainted with the English language. All consumers, whether able to read or not, are in fact guided by the general appearance of the packages or label which is before them."¹⁵

Plaintiffs manufactured French polish in London, and developed a large trade in Bombay, where the goods, from the two red medals on the label, came to be known as "Lal Mohur" or "Lal Chap" (meaning "red medal or stamp"). Defendants then began to sell their polish in Bombay, with labels differing from plaintiffs'; except that they bore two red medals, in much the same position as plaintiffs'. Held, on the evidence, that though defendants' label might not deceive the British public, it tended to deceive the Bombay public. Injunction was granted.

The inexpensiveness of the article, and the fact that it is often called for by careless and illiterate persons, or foreigners, unfamiliar with English, will be taken into account. The bearing of such facts is aptly expressed by Barrett, J., in *Morgan's Sons Co. v. Troxell*,¹⁶ as follows: "While there

¹⁵ *Kostering v. Seattle Brewing & Malting Co.*, 116 Fed. 620-1902 (C. C. A. 9th Cir.). So also *Wilkinson v. Griffith Bros. & Co.*, 8 Rep. Pat. Cas. 370.

¹⁶ 23 Hun (N. Y.) 632-36-1881.

is an almost ostentatious display of variation in matters not likely to attract the attention of the casual purchaser, there is a substantial similarity in the picture to which the eye has become accustomed. In this connection, we must not lose sight of the character of the article, the use to which it is put, the kind of people who ask for it, and the manner in which it is ordered. Very broad scene painting will deceive an ignorant, thoughtless, or credulous domestic, looking for an article in common and daily use, and of no particular interest to her personally. The same kind of deception would be instantly detected by an intelligent woman of the world, looking for her favorite perfume, soap, or dentifrice, or by a man of luxurious tastes, inquiring for some special brand of champagne."

§ 41. Comparison is Not the Test of Similarity.—The average purchaser has no chance to compare. The only instances of attempted simulation, which attract his notice, are those in which the differences are so glaring and evident that deceit would be very unlikely. It is this very tendency to carelessness on the part of buyers that makes unfair competition profitable and possible commercially. In *Stuart v. F. G. Stewart Co.*,¹⁷ appellant began in 1891 to make and sell "Stuart's Dyspepsia Tablets" and advertised them widely. Appellee knew of complainant and his business when, in 1895, he put on the market "Dr. Stewart's Dyspepsia Tablets" in boxes similar to appellants'. Held, "Comparison is not the test of infringement. The purchaser has not the advantage of comparison. A specific article comes to be known by certain catchwords easily retained in memory, or by a certain picture which the eye readily recognizes. The purchaser * * * is not bound to study or reflect. He acts upon the moment—he is without the opportunity of comparison. It is only when the difference is so gross that no sensible man acting on the instant would be deceived that it can be said that the purchaser ought not to be protected from imposition. Indeed, some cases have gone to the length of declaring that the purchaser has a right to be careless. * * * However, the imitation need only be slight, if it is attached to what is most salient. Here the purchaser, desiring the remedy of the appellant, to which his attention

¹⁷ 91 Fed. 243-45-1899 (C. C. A. 7th Cir.).

had been attracted by the advertisement, or which possibly he had before purchased, knew the remedy as 'Stuart's Dypepsia Tablets,' and that it was in a blue wrapper. The name caught the ear; the color caught the eye. * * * We think it would require more than the care ordinarily used * * * to expect that * * * a purchaser would deliberate over, or be warned by the addition of the prefix 'Dr.' " (id. p. 245-46).¹⁸

§ 42. **Imitation of Salient Features.**—Imitations may be slight and still constitute "similarity," if they attach to salient features. Many articles come to be known by a peculiarity they possess, which is usually described by a catch-word. The important question is, What part of the label or name will the buyer look at? What will he see? It is a physical fact that the average person will not, cannot, take in at a casual glance all, or even a large part, of the detail of what he looks at.¹⁹ The question is what part of the names or marks, which are charged with similarity, does the average ordinary buyer see when he looks at them; what feature of a label or container becomes familiar to the average buyer of the article. We do not hear all that is spoken in our hearing, only a part is noticed by us, with sufficient detail for us to retain an impression of it which we will recall when we hear it again. Few people would be struck with the difference between the name "Stuart's Dyspepsia Tablets" and "Dr. Stewart's Dyspepsia Tablets," and yet one word in four is different in these names.

"*Meyer v. Dr. Bull Vegetable Medicine Co.*, 58 Fed. 884-1893 (C. C. A. 7th Cir.). Plaintiffs sold "Bull's Cough Syrup," and "Dr. Bull's Cough Syrup." Defendant sold in similar wrappers, "Dr. B. L. Bull's Celebrated Cough Syrup." This was enjoined. "Bull's Cough Syrup" is, in one sense, quite different from "Dr. B. L. Bull's Celebrated Cough Syrup," but the use of the latter was enjoined not because of the likeness between them, but to protect the purchaser, who has

no chance for accurate comparison. No rule of measure of fraud, of deceit, or likelihood of confusion between plaintiff and defendant has been discovered in the books which will fit all cases, and it is well that this is so, for were there such rules to be found, equity would sometimes be found to have so bound herself by this same rule as to be unable to render aid in some future case of real injustice.

"*Blackwell v. Crabb*, 36 L. J. Ch. N. S. 504-1867.

The average buyer seeks a sign, some special earmark of the brand he has in mind. It may be color — or a design — or a peculiar shape or name. Once his eye sees that or his ear hears it, he is satisfied. He is careless — yes, possibly, but if that is the way the average man buys that sort of goods, he may rightfully demand that the law protect him from deceit when he so purchases. There have been cases which have held that a buyer has a right to be careless, but this is not the general rule. See § 155.

§ 43. Necessary Physical Requirements of the Article Must be Considered.— Sometimes several articles differing in many ways are made by various manufacturers in the attempt to serve a specific purpose, the physical limitations of which compel all the makers to construct their goods in certain respects in a very similar manner. In the absence of patent rights, no one can monopolize the mechanical elements necessary to this construction and no one can appropriate exclusively to himself a name which is based on a description of these common physical limitations. In other words, all principles of construction and names descriptive of them which are essential to a successful practical operation of a device and serves to promote its efficiency, may not be appropriated.²⁰

The limitations of the right of one person to imitate an article manufactured by another are shown in *Enterprise Mfg. Co. v. Landers, Frary & Clark*.²¹ There the defendants had not only conformed their goods to complainant's in size and general shape, but also in all minor details every line and curve was reproduced; superfluous metal was put into the driving wheels, giving a very characteristically similar effect. The goods were then dressed with combinations of color and decorations exactly copied or closely simulated as to style of letters and details of ornament, except that on one mill is found the complainant's name and on the other the defendant's.

This was held to be "a most aggravated case of unfair trading, and that such reproduction of unnecessary lines and

²⁰ *Marvel Co. v. Pearl*, 133 Fed. 160-1904 (C. C. A. 2d Cir.).

²¹ 131 Fed. 240-1904 (C. C. A. 2d Cir.), at p. 161-62.

curves and simulations of arbitrary designs and striking combinations of color would be restrained by a court of equity when they were so close as to show an intent to appropriate the trade of a competitor." (Quoted from *Marvel v. Pearl*, *supra*.) See also *Rushmore v. Saxon*, C. C. A. 2d Cir., Nov. 1908.

§ 44. Distance Between Competitors a Factor in Deciding as to Similarity.—It has been stated that, in considering the question of unfair competition, the geographical situation of the person who will buy the goods in question is to be considered. This is true, but not unqualifiedly so. Formerly, it would have been assumed in the absence of most positive proof that a party might carry on his own business under his own name in Chicago, notwithstanding the fact that parties had established business under the same name in New York. *Ball v. Best*²² held that a Chicago house should be enjoined because both did a mail order business, by reason of which a New York house was confused with it by buyers at points far distant from both Chicago and New York, and an injunction was issued. In *Randall v. British & American Shoe Co.*,²³ it was held, that although plaintiff's shop was five miles from defendant's in London there was unfair competition from similarity of name.

The effect of imitation depends very much upon propinquity. In many cases the use of a similar trade-mark, in localities very remote from each other, would not justify an inference that the establishments were those of a common proprietor,

²² 135 Fed. 434-1905 (C. C. N. D. Ill.).

²³ 19 R. P. C. 393-1902. In 1897 plaintiffs opened shop in Regent street exclusively for the sale of American shoes under the name "American Shoe Company." Plaintiffs, a limited company, dealt largely in English shoes. They adopted the name "American Shoe Company" to distinguish that business from their English business. They later opened eight other shops

bearing this name. Defendants organized the "London American Shoe Company" and, on objection of the plaintiff, took the name "The British & American Shoe Company." Plaintiffs were the first to open shops that sold only American shoes. They spent £5,000 in advertising this business. Defendants' shop was five miles from nearest shop of plaintiff. Actual deceit was shown. *Held*, that both names used by defendants were calculated to deceive.

and so would not result in damage or support an allegation of fraud, while if they were near each other such an inference would be legitimate and necessary.²⁴

§ 45. Deceit of Ultimate Purchaser, Not of Middleman, is the Important Consideration.—As has been seen, it is not necessary to support an action for unfair competition that the vendor of goods should do the deceiving. It is enough if he put it in the power of anyone else, middleman or retailer, to deceive the ultimate purchaser. Hence the degree of identity and imitation which must be considered is not that which would deceive the jobber or immediate purchaser but the consumer of the goods. “In the sharp contest between the individual manufacturer, who strives to acquire and retain the fruits of industry and honesty, and the field of keen rivals, seeking to wrest from him the prize of the public good-will, the inventive ingenuity of the infringer has conceived a great variety of devices for evading the established rules of fair dealing. Among the later of these devices are acts professedly within legal limitations, but manifestly designed to be afterward so made available by other acts as to deceive the public. In such cases courts of equity, looking beyond the original acts and finding that their ultimate object and effect were to enable and induce the retail seller of a fraudulent imitation to palm it off on an unsuspecting public for the genuine article, and thus to contribute to the infringement upon the rights of the original owner, have not hesitated to apply the remedy.”^{24a}

To entitle plaintiff to relief it is not necessary to prove that any customer of plaintiff has been deceived by anything done by defendant, it being sufficient to show that defendant knowingly put it in the power of retail dealers to deceive their customers.²⁵ The defendant may have sold the goods to one who has in turn sold the goods to other jobbers. The question is, Were the goods an imitation of those of a rival, when they left defendant's hands? Although all the jobbers knew whose

²⁴ *Cady v. Schultz*, 19 R. I. 193-1895; 32 Atl. 915; 29 L. R. A. 524.

²⁵ *Williamson Corset & Brace Co. v. Western Corset Co.*, 70 Mo. App. 424-1897.

²⁶ *Hostetter Co. v. Sommers*, 84 Fed. 333-1897 (C. C. S. D. N. Y.).

make of goods they were, yet if the retailer was able, by reason of their get-up, to use them fraudulently, the maker may be held liable to one who suffers loss from the retailer's unfair trading.²⁶

Ambiguity in a name, or the fact that, while similar to that of the plaintiff, it is so different that some people construe it one way and some another, will not prevent injunction from being issued against it. It may still be held similar within this rule. It is not necessarily important that it has been understood differently by different persons. That does not prove dissimilarity.²⁷

§ 46. Similarity of Color, Shape, Size, Etc.—Generally speaking, a trader cannot be entitled, even after long and exclusive use, to monopolize a particular color or a particular shape, size, or style for the label or wrapper of a particular class of goods. The trend of the law is strongly toward the proposition that under ordinary circumstances the adoption of packages of peculiar form and color alone, unaccompanied by any distinguishing symbol, sign, or seal, is not sufficient to constitute a trade-mark.²⁸ This general rule has been applied in a variety of ways. In *Fleischmann v. Starkey*,²⁹ for example, it was held that no exclusive right could be acquired to use a yellow-colored label for packages of yeast. Nor can there be an exclusive right in the nature of a trade-mark, to the use of a barrel of peculiar form and dimensions, irrespective of any marks or devices stamped upon or connected with it.³⁰ In *Brown v. Seidel*,³¹ defendant closely imitated plaintiffs' package in the size, form, wrappings and color, but in the words and arrangement of the labels, the difference was marked. Plaintiffs were held (one judge dissenting) not to be entitled to an injunction. The court quoted the language of *Heinz v. Lutz*,³² to the effect that "the offending label must

²⁶ *New England Awl & Needle Co. v. Marlborough Awl & Needle Co.*, 168 Mass. 154-1897; 46 N. E. 386.

²⁷ *Singer Mfg. Co. v. Loog*, 8 L. R. App. Cas. 15-18-1882.

²⁸ *Philadelphia Novelty Mfg. Co. v. Rouss*, 40 Fed. 585-1889 (C. C. E. D. N. Y.).

²⁹ 25 Fed. 127-1885 (C. C. R. I.).

³⁰ *Moorman v. Hoge*, 2 Sawy. 78-1871 (C. C. Cal.).

³¹ 153 Pa. St. 60-72-1893; 25 Atl. 1064.

³² 146 Pa. St. 592-1891; 23 Atl. 314.

be such that it is likely to deceive persons of ordinary intelligence." And the court doubts whether "the mere resemblance, accidental or otherwise, in the size and style of putting up packages, is of itself sufficient to justify the interference of a court of equity."

It does not follow, however, that while the imitation of a particular feature, such as color or shape, would not, if standing alone, be restrained, yet, if there is imitation in several such features producing misleading likeness of general appearance, an injunction will not be issued expressly against the use of a particular feature, such as color, and also generally against the use of all the features in combination. In *Sterling Remedy Co. v. Spermine Medical Co.*,³³ there was a clear and deliberate imitation of the peculiar and unusual shape and color of labels and style of box adopted by the complainant, as well as of letter press and of the name applied to the goods. Held, that there should be an injunction against the form of tablet and shape of box as well as against the use of infringing names. So also in *Franck v. Frank Chicory Co.*,³⁴ the use of a particular label was specifically prohibited, where there had been imitation in other respects also. The court in such cases is not bound to limit its injunction to the combined use of all the features of imitation.

§ 47. *Similarity of Names.*—The cases given in the note below are rulings of various courts on what are and are not similar names. The foregoing rules apply in general, but in the last analysis, local conditions, the peculiar facts of each case and other evidences of fraud in addition to the similarity of the names, are all considered by the court.³⁵ See § 135.

³³ 112 Fed. 1000-1901 (C. C. A. 7th Cir.).

³⁴ 95 Fed. 818-1899 (C. C. Wis.).

³⁵ *Civil Service Supply Association v. Dean*, 13 Ch. Div. 512-1879. Plaintiffs had a store in Queen Victoria street. In 1877 they opened a store at Bedford, a store for boots and shoes with an entrance on Tavistock street. Defendant was a boot-maker having a shop on Bedford

street with an entrance also on the Strand. In 1877 defendant placed upon his shop a sign bearing the words "Civil Service Boot Supply" and in his window a card with the words "Civil Service" in large letters. It was admitted on the trial that the words "Civil Service" were used by many other shops in London. The court held that it was not shown that the shop of defendant had been

represented to any of the witnesses as that of the plaintiffs. That, inasmuch as the plaintiffs had never sold boots or shoes until 1877, there could be no impropriety in defendant putting up the signs he did. No person desiring to get into the Tavistock street shop could have been misled when he went into a shop opening in the Strand. These rules of trade are made for the general public and not for those who are willing to be misled and to believe that when they are going in one street they are going in another. *Goodwin v. Ivory Soap Co.*, 18 R. P. C. 389-92-1901; not trade-mark case. Goodwin began to sell Ivy soap in 1889 and in 1899 began action to restrain defendants from selling Ivory soap in England. It was admitted Ivory soap had been sold in England prior to 1889. Held, the two soaps were put up in an entirely different manner, so no mistake could result. The only ground plaintiff has for recovery is similarity of name and the consequent liability of resulting deception. Held, on appeal, that "Simply because the word 'Ivy' may have some sort of similar sound to the word 'Ivory,' if you do not pronounce the word 'Ivy' properly, the plaintiff asks the court to assume as the inevitable deduction that what the defendants are doing must be calculated to deceive. It is impossible to my mind to make any such deduction from the facts." *Cooper & McLeod v. Maclachlan*, 19 R. P. C. 27-1901. After 1875 plaintiffs used with their firm name the words "Castle Brewery." They were located in Edinburgh. In 1872 defendants opened a brewery at Govan, which plant they called "Castle

Vaults." In 1900 they opened a brewery near Edinburgh which they called "Castle Brewery." The defendant had had a "Castle Brewery" at Glasgow since 1888 and had used the name "Castle Beer." No proof of deceit — injunction refused. Upheld on appeal. *Lee v. Haley*, L. R. 5 Ch. App. Cas. 155-1869. The plaintiffs had, for a series of years, carried on business as coal dealers in Pall Mall, London, under the name of the "Guinea Coal Company." The defendant, who had been their manager, finally set up a business in the same street under the same style of "The Pall Mall Guinea Coal Company," and, while it appeared that there were other Guinea Coal Companies in London so that the plaintiffs did not have the exclusive right to the use of the trade-mark "Guinea Coal Company," yet the court held that they were entitled, as against the defendant, to be protected in the use of the name. "But the principle upon which the cases on this subject proceed is, not that there is property in the word, but that it is a fraud on a person who has established a trade, and carries it on under a given name, that some other person should assume the same name, or the same name with a slight alteration, in such a way as to induce persons to deal with him in the belief that they are dealing with the person who has given a reputation to the same" (id. p. 161). This case goes further than it is necessary to carry the rule in the foregoing case, because the words "Pall Mall Guinea Coal Company" could be truthfully used by both parties. Both sold the coal in Pall Mall for a guinea a ton. *Army & Navy Co-operative Society*

v. Army, Navy & Civil Service Co-operative Society of South Africa, Ltd., 19 R. P. C. 574-76-1902. Plaintiff had been incorporated for thirty years. *Held*, on hearing for interlocutory injunction that the name was calculated to deceive. "The plaintiffs have no right to the words 'Army and Navy' or any combination of those words. Their right lies in this, that they may sue if a defendant is fraudulently adopting a name for the purpose of pretending that his trade is their trade, and if he be not fraudulent at all, still the plaintiffs may sue 'in property,' if he is adopting a name the result of which will be that the defendant will be taking the plaintiffs' property in the sense that persons will go to the defendant to trade with him when they meant to go to the plaintiffs, meaning to trade with them." *Choynski v. Cohen*, 39 Cal. 501-1870. Plaintiff had for some years conducted a bookstore called the "Antiquarian Book Store." This name was placed on the sign and uniformly used in advertising and in all transactions. He now sought to enjoin defendant from conducting a rival store under the name of the "Antiquarian Book & Variety Store." *Held*, that plaintiff could claim no exclusive right to use the word "Antiquarian" as part of his trade-mark or trade name, and that he was entitled to no relief. *Weinstock, Lubin & Co. v. Marks*, 109 Cal. 529-1895; 42 Pac. 142; 30 L. R. A. 182. Plaintiffs in 1874 opened the "Mechanics' Store." Defendant in 1887 opened the "Mechanical Store." "As we view the picture presented by the findings of fact, the question as to what may or may not be the subject of a trade-mark is not the

problem to be solved. That these words are of a kind that may be used as a trade name we have no doubt, and having established that fact we are required to pursue the investigation no further. That certain names and designations and names which may not become technical or specific trade-marks may become the names of articles or of places of business, and thereby the use thereof receive the protection of the law, cannot be doubted, for the cases everywhere recognize that fact" (id. p. 535-36). * * * "And that the words 'Mechanics' Store' may be made a trade name, and the user thereof become entitled under the law to protection from pirates preying upon the sea of commercial trade, we have no doubt. We think the defendant should be restrained from the use of the words 'Mechanical Store.' The court has declared the fact to be, and it is not challenged by the defendant, that these words were used as a designation of his store for the purpose of deceiving the public, and especially plaintiff's customers, and thereby securing the advantages and benefits of the goodwill of plaintiff's business. To say that such conduct on the part of the defendant is unfair business competition is to state the facts in the mildest terms" (id. p. 537). *Bolander v. Peterson*, 136 Ill. 215-1891; 26 N. E. 603; 11 L. R. A. 350. Complainant, a dealer in snuffs in Chicago, had for some time designated his store and business as "Svenska Snusmagasinet" (Swedish Snuff Store); his store was advertised and well-known among Swedes by that name. Defendant was also a dealer in snuffs on the same street,

not far from complainant, and had been using the sign "C. W. Peterson, Nya Snus Fabrik." He now altered this to "C. W. Peterson, Svenska Snus Magasin," and advertised the store and business as "Fran Snus-magasinet." The snuffs were sold under different brands. *Held*, that complainant was not entitled to restrain him from so doing. *Mossler v. Jacobs*, 66 Ill. App. 571-1896. Complainants alleged that they had been engaged in business for fifteen years under the style of "Six Little Tailors," and that the defendant had opened a tailoring establishment under the name of "Six Big Tailors." *Held*, that the name was so similar to complainant's trade name that it was calculated to deceive the unwary, and that its use would be enjoined. *Insurance Oil Tank Co. v. Scott*, 33 La. Ann. 946-1881. Plaintiff had an illuminating oil specially manufactured for it and described it as "Insurance Oil," claiming it excelled in its combination of safety with other qualities. Defendants afterward put on the market oil in packages branded "Insurance Oil" in type exactly like that used by plaintiff. *Held*, that plaintiff was entitled to the exclusive use of the words "Insurance Oil." *Giragosian v. Chutjian*, 194 Mass. 504-1907; 80 N. E. 647. Plaintiff in 1900 began business under the trade name "Oriental Process Rug Renovating Company." About the same time, and before this name had become identified with plaintiff in public reputation, defendant in good faith went into business under the name "Oriental Rug & Carpet Renovating Works." In advertising he generally prefixed the name "Chutjian Broth-

ers" to these words. Neither party used any process peculiar to himself. *Held*, that the defendant was entitled to use the trade name adopted by him with or without the proper name prefixed in spite of its resemblance to plaintiff's. But he should not alter the name to "Oriental Carpet and Rug Renovating Works" so as to appear first in the telephone directory. *Samuels v. Spitzer*, 177 Mass. 226-1900; 58 N. E. 693. A bill in equity alleged that plaintiff had developed by advertisement and otherwise a large business as a clothier in Rhode Island and southeastern Massachusetts under the name of the "Manufacturers' Outlet Company," and that the name had been copyrighted or registered as a trade-mark. It further alleged that defendant, fraudulently seeking to mislead the public to his own advantage, had established in a neighborhood from which a considerable part of plaintiff's trade was drawn a shop for the sale of goods similar to plaintiff's under the name "Taunton Outlet Company," and was thereby deceiving the public and diverting trade from plaintiff. On demurrer the bill was held to state a cause of action for unfair competition. *Miskell v. Prokop*, 58 Nebr. 628-1899; 79 N. W. 522. Plaintiff had for some years kept a store bearing the sign "Racket Store," and generally known by that name. Defendant then opened a store in the immediate neighborhood under the sign and name "New York Racket Store," the words "New York" being printed in small letters. It appeared that the word "Racket" had been quite often used as descriptive of certain kinds of stores before plaintiff's adoption of

the term. The court below having determined that there was, under the circumstances, no such simulation as amounted to unfair competition, *held*, that its finding would not be disturbed on appeal. *Brooklyn White Lead Co. v. Masury*, 25 Barb. (N. Y.) 416-1857. Plaintiffs had for more than twenty years manufactured white lead at Brooklyn, stamping the kegs with their corporate name. Defendant subsequently began to manufacture white lead at Brooklyn, and at first marked his kegs "Brooklyn White Lead." Later he began to make zinc paint also, and changed the mark on his goods to "Brooklyn White Lead & Zinc Company." *Held*, that he should be required to omit the word "Company" from his mark. *United States Frame & Picture Co. v. Horowitz*, 51 Misc. (N. Y.) 161-1906; 100 N. Y. Supp. 705. Plaintiff, the "United States Frame & Picture Company," was a corporation engaged for some years in business at No. 3 Barclay street. Defendant was the brother of its president, and had himself been an employee and officer of the company until 1905, when he left it and engaged independently in the same line of business at 86 Fulton street under the trade name of "New York Frame & Picture Company." It was held that defendant was entitled to use this name, but he was enjoined from using, for advertising, stationery closely resembling plaintiffs, and from publication of notices of removal so worded as to lead the unwary to suppose that the plaintiff was referred to. *Stirling Silk Mfg. Co. v. Sterling Silk Co.*, 59 N. J. Eq. 394-96-1900; 46 Atl. 199. "The name of 'The Sterling Silk

Company' is so similar to that of * * * 'The Stirling Silk Manufacturing Company' that there is danger of confusing complainant's goods with defendants" by retail purchasers. *Commonwealth v. Banks*, 198 Pa. St. 397-1901; 48 Atl. 277. This was a bill in equity by the attorney-general to enjoin the defendant, the proprietor of a purely commercial or business school, from using the name "University of Philadelphia," principally upon the ground that the use of the word "University" was misleading and unauthorized. It was also urged that the similarity of the name to that of the University of Pennsylvania led to confusion and mistakes, and the court, in granting the injunction, say that therefore the University of Pennsylvania, and persons dealing with it, would be entitled "to protection under the law relating to trade-marks, against the use of a name which is similar in point of territorial designation and misleads the public" (at p. 401). *Western Grocer Co. v. Caffarelli*, Tex. ; 108 S. W. 413-1908. Plaintiff and its predecessors, wholesale grocers at San Antonio, had for some years used the words "Georgia Coon," as a trade-mark for their molasses and syrups, which came to be known and were popularly designated simply as "Coon Molasses." *Held*, that defendants were not entitled to sell their molasses under the title "New Coon." *Germer Stove Co. v. Art Stove Co.*, 150 Fed. 141-1907 (C. C. A. 6th Cir.). Complainants made and sold stoves called "Radiant Home Stoves," and advertised them extensively as containing the "XX Century Fire-Pot,"

by which name a patented fire-pot, used also by other manufacturers, had come to be known. Defendant made and sold, under the name "Twentieth Century Laurel," a stove containing a somewhat similar fire-pot, but the stove was plainly marked with defendant's name. *Held* not to be unfair competition. *Worcester Brewing Co. v. Rueter & Co.*, 157 Fed. 217-1907 (C. C. A. 1st Cir.). "Sterling Ale" was held to be not purely descriptive, but to be entitled to protection against a corporation formed by one who had been in the employ of the original manufacturer, which put on the market "Worcester Sterling Ale" without clearly pointing out to the public the difference in origin. *Brown Chemical Co. v. Frederick Stearns & Co.*, 37 Fed. 360-1889 (C. C. E. D. Mich.). Plaintiff manufactured "Brown's Iron Bitters," while defendant, a Michigan

corporation, manufactured a similar preparation called "Iron Tonic Bitters." There was a sufficient differentiation in packages and labels, but in certain cases, at the request of particular dealers, defendant printed at the foot of the label "Brown & Co., New York City," in place of defendant's name. There was evidence that at least one dealer had attempted to palm off defendant's package as plaintiff's. *Held*, that plaintiff was entitled to an injunction against this practice without regard to the honesty of defendant's intentions. *Dr. Peter H. Fahrney & Sons Co. v. Ruminer*, 153 Fed. 735-1907 (C. C. A. 7th Cir.). Complainant had long advertised and sold a patent medicine under the name "Alpenkrauter." *Held*, that defendant's advertisement of a similar medicine as "St. Bernard Alpen Krauter" constituted unfair competition.

CHAPTER IV.

GOOD-WILL.

SECTION 48. Definitions of good-will.

49. Good-will protected by law of Unfair Competition.

Good-will is unquestionably property. In England it is so treated with reference to the stamp duty on instruments dealing with good-will.¹ And American courts have held the same.²

Probably Lord Hardwicke was the first to recognize good-will as a valuable property when he said: "Suppose the house were a house of great trade, he must account for the value of what is called the good-will of it."^{2a}

§ 48. **Definitions of Good-Will.**—Lord Eldon said good-will was a "probability." Vice-Chancellor Wood called it an "advantage." The Michigan court terms it "favor." Judge Story, an "advantage or benefit." Certainly, one of the principal ingredients of good-will is the name of the business house using it. Injure the name, and its good-will at once loses in value. Destroy its reputation — its name for honor, for promptness, for always dealing in high grade goods, and the good-will is impaired. Lord Eldon said good-will is "nothing more than the probability that the old customers will resort to the old place."³ He might with equal fitness have added that it is the further probability that old customers will remember favorably the name of the house with which they have dealt so long.

Sir John Leach in *Chissum v. Dewes*,⁴ defines good-will to be "the advantage attached to the possession of the house."

"Good-will," said Lord Langdale, "is the chance or prob-

¹ See *Commissioners of Inland Revenue v. Angus & Co.*, 23 Q. B. Div. 579-1889; *Brooke & Co. v. Commissioners of Inland Revenue*, 2 Q. B. 356-1896. *lor*, 90 Ala. 241-1889; 8 So. 36; *Bank of Tomah v. Warren*, 94 Wis. 151-1896; 68 N. W. 549.

^{2a} *Gibblett v. Read*, 9 Mod. 459-1743.

³ *Metropolitan Nat. Bank v. St. Louis Dispatch Co.*, 36 Fed. 722-1888 (C. C. Mo.); *Howard v. Tay-*

⁴ *Crutwell v. Lye*, 17 Ves. 335-46-1810.

⁵ Russ. 29.

ability that custom will be at a certain place in consequence of the way in which that business has been previously carried on.”⁵

Various kinds of good-will grow up in connection with various sorts of business: one sort is that belonging to a public house, a theatre, an office building, an amusement park, a manufacturing works, as the “Crown Works,” (see *Rickerby v. Reay, infra*) and is usually termed local good-will or business good-will. Contrasted with this, is personal or, as it is often called, professional good-will. This attaches more directly to a person, and is not associated, in the minds of the public or business world, with any particular spot. “It is quite plain that the good-will of a public-house passes with the public-house. In such a case, the good will is the mere habit of the customers resorting to the house. It is not what is called personal good-will.”⁶

Then, too, there is a good-will which attaches solely to goods, in distinction from that belonging to a person or a place or business house. For instance, few people know the name of the makers, or the place of manufacture of “Castoria,” while most persons have heard of the medicine itself. The “Gold Dust Twins,” (the name of a brand of cleaning powder) is well-known, but few could say who made it. So numerous are the assumed names used in business, that statutes are passed in various states requiring their registration in public offices and many of these are attached to goods rather than to people or places.

Included in good will is the right to use lists of customers. The sale of good-will passes to the purchaser such a list of customers and correspondents of the house. As mere possession of this list, acquired legally, gives to the possessor the right to solicit the trade of such customers, actions regarding this sort of good-will often take the form of applications to enjoin one having such a list from using it to the damage of the owner of the good-will.

Good-will of professional men and in professional partner-

⁵ *England v. Downs*, 6 Beav. 269-1842.

⁶ *Ex p. Punnett*, 16 Ch. Div. 226-33-1880.

ships attaches to person, not to place; and this is true of partnerships made by brokers and builders, and partnerships for buying and selling cattle and other goods, where the partners go about from place to place. In such instances credit attaches to persons. It is "in part the chance that sellers will consign in a name they know."⁷ As showing what professional good-will is and how it is appendant to the person of a doctor, the case of *May v. Thompson*,⁸ which arose on a breach of contract to buy a practice, is in point. Jessel, M. R., said in that case (p. 718) that in a contract for the sale of a doctor's practice, "there is always a stipulation that the selling doctor shall retire from practice either altogether or within a given distance. It is so always and there is also, sometimes, a stipulation that he shall not solicit the patients or shall not solicit them for a given time."

One of the earliest cases on good-will was *Crutwell v. Lye*,⁹ decided in 1810, in which Lord Eldon seemed to think that, without actual fraud, no injunction should issue to protect good-will of a concern which had been sold, from possible injury from further competition on the part of the vendor; saying that "the good-will which has been the subject of sale, is nothing more than the probability that the old customers will resort to the old place." Jessel, M. R., in *Ginesi v. Cooper & Co.*,¹⁰ questions this rule of Lord Eldon and states what has since come to be the law on this point, thus: "'Good-will,' I apprehend, must mean every advantage—every possible advantage, if I may so express it, as contrasted with the negative advantage of the late partner, not carrying on the business himself—that has been acquired by the old firm in carrying on its business, whether connected with the premises in which the business was previously carried on, or with the name of the late firm, or with any other matter carrying with it the benefit of the business." The above definition of Lord Eldon was given when he was considering a case of a wagoner who carried goods on a route, and the value of his good-will was solely in the fact that people in the locality knew a wagoner

⁷ *Bates Partnership*, vol. II, § 657.

⁸ 17 Ves. 335-46.

⁹ 20 Ch. Div. 718.

¹⁰ 14 Ch. Div. 596-600-1880.

was accustomed to start at the place where he usually did start and would go there when needing a wagoner. Wood, V. C., in *Churton v. Douglas*,¹¹ defines good-will thus: "Good-will, I apprehend, must mean every advantage that has been acquired by the old firm by carrying on its business, everything connected with the premises, and the name of the firm, and everything connected with or carrying with it the benefit of the business."¹²

Judge Story defines good-will as "the advantage or benefit, which is acquired by an establishment, beyond the mere value of the capital stock, funds, or property employed therein, in consequence of the general public patronage and encouragement which it receives from constant or habitual customers, on account of its local position, or common celebrity, or reputation for skill or affluence, or punctuality, or from other accidental circumstances, or necessities, or even from ancient partialities, or prejudices."¹³

The Michigan definition is as follows: "The favor which the management of a business has won from the public, and the probability that old customers will continue to give it their patronage."¹⁴

§ 49. Good-Will Protected by Law of Unfair Competition.

— Good-will is protected by the law of Unfair Competition. One can pass off such good-will as he possesses, as the good-will of another, just as he can pass off his goods as those of another; for when a trader, whose goods have little reputation, holds himself out to be someone else, whose goods have a favorable reputation, he fraudulently obtains the benefit of a valuable good-will not his own. Hence he does not pass off his goods as another's necessarily, but he holds himself out as possessing a reputation that gives his house and its goods particular standing in the mind of the trade and the public, which standing belongs only to another. It has been rightly termed stealing for one to thus take fraudulent advantage of another's good-will.

¹¹ 28 L. J. N. S. Ch. 841-45-1859.

¹² 2 Story Partnership, § 99.

¹³ See also *Menendez v. Holt*, 128

¹⁴ *Chittenden v. Witbeck*, 50 Mich.

U. S. 514-22-1888; 32 L. ed. 526; 401-20-1883; 15 N. W. 526.

9 Sup. Ct. 143.

Colorable purchases of a business of small value to obtain its good-will, for the purpose of using the name, because of its similarity to that of a successful competitor, have been frequently condemned by the courts. Such transactions are deemed fraudulent and the use of the name in question will be enjoined. See also as to this, the section of the chapter on "Family Name" as to "Surnames acquired otherwise than by Descent" (§ 74).¹⁵

* *Abel Morrall Ltd. v. Hessin & Co.*, 20 R. P. C. 429-1903 (Ct. App.). For one hundred years a needle business had existed under the name of "Abel Morrall." In 1891 plaintiff purchased the good-will of the needle business of Joseph Mogg, and Joseph John Richard Mogg, which dated from 1846. Abel Morrall's or A. Morrall's needles were famous under these names or simply as Morrall's. Mogg's needles were well known in certain localities. Defendant began needle business in 1893 as "T. Hassin & Co.," and in 1900 purchased business of Jabez Yardley Morrall, a former employee of a company now owned by plaintiff. He was not successful. Defendant purchased his business for £68. W. Mogg & Co. were provision dealers and for £7 sold to defendant "the whole bag of tricks," the receipt given by defendant mentioning good-will, use of name, labels, etc. *Held*, these purchases were colorable and made with intent to defraud plaintiff, and that the defendant might obtain trade intended for plaintiff. That this was fraud enough to enable the court to inquire into the transaction even where a man's own name had been purchased. Injunction granted against use of J. Y. Morrall or W. Mogg & Co. *Holloway v. Clent*, 20 R. P. C. 525-27-1903. Application

for interlocutory injunction. Plaintiff had been a pill maker since 1837, selling Holloway's Pills. In 1897 Clent, for £60, bought out Arthur Holloway, who had an ink, gum, furniture and paste business, with his good-will, trade name, etc. No mention is made in the agreement as to the pill business or trade possessed by Holloway. Defendant then began to put up and sell "Holloway's Pills." Plaintiff had a registered mark. He claimed to have been established since 1837, the date when plaintiff began business. Defendant also wrapped his boxes and pills in leaflets issued by plaintiff in which plaintiff wrapped his boxes. "It certainly is not open to a person to buy another's business and then to use the name of the vendor of that business, which happens to be the name of a well-known manufacturer of a different article to assist him in the sale and business of that other article." *Mappin & Webb Ltd. v. Leapman*, 22 R. P. C. 398-1905 (Ch. Div.). Plaintiffs were the successors in business of two old firms, Mappin Brothers and Mappin & Webb. Defendant sold goods similar to plaintiffs', but made by one Blyde, who was alleged, without strict proof, to have bought the business in Sheffield of one Theophilus Mappin, trading as Mappin & Sons, and bore tickets

Advertisements stating or suggesting that the one advertising possesses the good-will of one well known in business, when such is not the fact, will be enjoined. Most of the cases involving good-will arise upon its transfer in one way or another — by sale, by distribution of the property of a decedent, by will, by gift, by assignment, by dissolution of partnership, etc. The various questions raised by the transactions are considered in the next chapter under the head of "Transfer."

Where the principal value of the property of a racecourse company was a privilege granted by a jockey club to carry on races, and it tried to transfer its property to a successor by a deed merely of its land, which deed, to escape stamp tax, was for a consideration of £10,000, the value of the land only, when the actual consideration for the entire sale was greater than that, it was held that the good-will merely enhanced the land value; it was not a separate property and the business and good-will were not separable.¹⁶

In England and the United States injury to good-will has not been considered as a part of the law of unfair competition, but it has been so classified in Germany in section 6 and 7 of the law Gesetz Zur Bekämpfung des unlauteren Wettbewerbs, passed May 27, 1896.¹⁷ This statute allows restraint of *inaccurate* statements in selling goods and allows, too, compensation for injury suffered and a fine for one who intentionally makes misleading statements as to price, etc.

with such phrases as "Mappin's A 1 Quality." Defendant's salesmen represented these goods to be the same as plaintiffs'. *Held*, that plaintiffs were entitled to an injunction.

¹⁶ *In re The Rosehill Racecourse Co.*, 5 State Reports, 402-1905.

¹⁷ See articles on same, 13 Law Quarterly Review, 156-1897.

CHAPTER V.

TRANSFERS OF TRADE NAMES, SIGNS, MARKS, ETC.

SECTION 50. Names not transferable — artists, musicians, etc.

51. Sale of entire property of a business. — Rights of vendor.
52. Presumption that no one intends to part with right to use his own name.
53. Name may be so sold as to preclude the owners from again using it in the same business.
54. Sale of business site, effect of on names.
55. Good faith as to names and marks required of vendors thereof.
56. Transfer of portraits.
57. Transfers in bankruptcy and in assignments for creditors.
58. Rights of retiring stockholders and others in corporate names.
59. Soliciting old customers.
60. Sale of name or business by originator of an article.
61. Effect of locality on transfers of a business.
62. Partner's rights in the partnership name on dissolution.
63. Dissolution by death of a partner.
64. Transfers by descent and rights of descendants.
65. Transfer of secret formulæ.

The law of unfair competition is concerned with transfers of trade names and marks, because many of the cases in which the rule is invoked, arise over conflicting claims of parties whose rights depend upon the construction of the transfer agreement.

§ 50. Names Not Transferable — Artists, Musicians, Etc.— There are some names that become valuable which have been held not to be transferable. On grounds of public policy the right to use the name of an artist or musician is not capable of being assigned so as to be used, for example, in designating or advertising a band, or a series of concerts, with which the musician in question has no connection.¹ The same is probably true of all professional names, whenever the repute of the name depends on the personality or personal characteristics

¹ *Blakely v. Sousa*, 197 Pa. St. 305— *Chaney*, 143 Mass. 592; 10 N. E. 713, 1900; 47 Atl. 286, citing *Hoxie v.* and other cases.

of the individual in such a way that if used, except in connection with that individual, the public will not be getting what it has a right to expect from the use of the name.

§ 51. Sale of Entire Property of a Business — Rights of Vendor.— Where an entire business is sold, question often arises as to the rights of the vendor to re-enter the same business, to solicit the old customers, to set up a stand near the old one, to use the old name in part or in whole, to associate himself with former partners, to use wrappers, bottles, cartoons, labels and trade names of the old concern, to state his former connection with it, to trade on its credit in any way. If the answer sets up the terms of the sale, the right of the plaintiff to enjoin the defendant from any of these acts may hinge on their interpretation.

With the simple sale of a business and its attendant goodwill there goes no legal or equitable right, according to certain authorities, to prevent the vendor from again entering the same business. He cannot resume business so as to directly take away, or put himself in the way of getting, the business he has sold. Any of the trade which would naturally go to his former place of business or "stand," or any that would be naturally attracted there because of the name or reputation which that business bears, and which his vendee now uses, he may not seek to supply; but unless he has specifically agreed in his contract of sale not to do so, he may, if he chooses, re-enter the same line of business in any manner that does not in any way create the impression that the new business he starts is the old one, or connected with it; or, in other words, in any way which does not involve unfair conduct on his part. The Encyclopedia of the Laws of England, volume 6, page 85, summarizes this rule by saying that the purchaser or acquirer for value of a good-will cannot insist upon the retirement from the trade of the late owner of the business, but, to protect himself, he must obtain an agreement restraining competition — an agreement which must satisfy the tests laid down in *Nordenfelt v. The Maxim-Nordenfelt Guns & Ammunition Co.*²

It is not necessary here to discuss the principles of restraint

² (1894) App. Cas. 535.

of trade. This work has to do with these contracts, not in the making, but with the enforcement of them. It assumes that the contracts referred to are valid in that regard.

A court of equity will protect a person using a label which states the true source of the goods marked with it, under ordinary circumstances. For instance, a person may sell to another the right to use his name, but this person may not enjoin a third who sells goods actually made by original maker, under that maker's name. To enjoin, in such a case, would be to enjoin the sale of a genuine article.³

§ 52. Presumption that no One Intends to Part with Right to Use His Own Name.—Some courts have not gone as far as to recognize the existence and force of this presumption but most of them consider that so important to a person is the right to freely use his own name as a business name, that there is a presumption against his having parted with such a right except where an express intention so to do is shown.⁴

§ 53. Name May be so Sold as to Preclude the Owner from Again Using It in the Same Business.—A person may, if he wishes, sell his name once for all and exclude himself entirely from the use of it in such a way as to injure his vendee in any unfair way in the enjoyment of his purchase. This is now decided not to be any unjust limitation on a person's right to the use of his own name.⁵

³ *Samuel v. Berger*, 24 Barb. 163—1856 (N. Y. Sup. Ct.). Plaintiffs were the assignees of Samuel who, by agreement with one Brindle, had acquired the right to use Brindle's name on watches made by Samuel. Defendants sold watches which were, in fact, manufactured by Brindle and were stamped with his name. *Held*, that plaintiffs were not entitled to an injunction restraining defendants from so doing, the court considering that to grant such an injunction would be to prevent the sale of the genuine article, and thus protect plaintiff in the sale of a simulated one.

⁴ *Haselton Boiler Co. v. Haselton Tripod Boiler Co.*, 142 Ill. 494—1892; 30 N. E. 339. "The right of a man to use his own name in connection with his own business is so fundamental that an intention to entirely divest himself of such a right and transfer it to another will not be readily presumed, but must be clearly shown" (id. p. 508). This statement was made regarding a transfer of all one's "right, title and interest in a business" and it was held this did not pass the right to use the name of the vendor.

⁵ *Russia Cement Co. v. LePage*, 147 Mass. 206—1888; 17 N. E. 304. In

However, if one uses his name unfairly in re-entering business, or makes any attempt to reclaim any of the business of the concern he has sold out, he will be enjoined. Merely to make his own name unduly prominent may be unfair.⁶ If in the new business the vendor makes use of the identical name he used before or a very similar one he will undoubtedly be enjoined.⁷ This is true of a name of a brand of goods or of a business name as much as of a personal name.⁸ One member

1880 LePage and Brooks began to make LePage glue, agreeing to use LePage's name. In 1882 they sold their business to plaintiff, including the trade-mark which was not registered. In 1886 LePage drew out and began business for himself in same town with plaintiff. *Held*, a person may sell his own name as a trade name and preclude himself from further use of it. Defendant enjoined from using "LePage's Improved Liquid" or LePage's "Liquid Glue," and from using LePage's Liquid Glue Co. as name of his company. Citing *Horton Mfg. Co. (N. Y.) v. Horton Mfg. Co. (Ind.)*, 18 Fed. 816-1883; *McLean v. Fleming*, 96 U. S. 245-1877; 24 L. ed. 828; *Dixon Crucible Co. v. Guggenheim*, 2 Brewst. (Pa.) 321-1869; *Probasco v. Bouyon*, 1 Mo. App. 241-1876; *Oakes v. Tonsmierre*, 4 Woods 547-1883 (C. C. Ala.); *Celluloid Mfg. Co. v. Cellomite Mfg. Co.*, 32 Fed. 94-1887; *Ainsworth v. Walmsley*, L. R. 1 Eq. 518-1866; *Shaver v. Shaver*, 54 Iowa 208-1880; 6 N. W. 188; *S. Frazer v. Frazer Lubricator Co.*, 121 Ill. 147-1886; 13 N. E. 639; *Gillis v. Hall*, 2 Brewst. (Pa.) 342-1869; *Kidd v. Johnson*, 100 U. S. 617-1879; 25 L. ed. 769; *Hoxie v. Chaney*, 143 Mass. 592-1887; 10 N. E. 713.

⁶ *Andrew Jurgens Co. v. Woodbury*, 56 Misc. (N. Y.) 404; 106 N. Y. Supp. 571-1907 (Sup. Ct. N. Y. Sp. T.). Defendant, John H. Woodbury, with others, in 1901 transferred to the predecessors of the plaintiff all trade-mark and other rights in connection with various preparations, including Woodbury's Facial Soap, which was widely known. He engaged in no competing business until 1906, when he began to sell a soap called "Woodbury's New Skin Soap." There was no simulation of wrapper or package, except that the name "Woodbury" appeared conspicuously on each box and cake. *Held* unfair competition.

⁷ *Probasco v. Bouyon*, 1 Mo. App. 241-1876. Oakes, one of the defendants, was a former partner of plaintiff. The firm made candies known as "Oakes' Candies." Oakes sold to plaintiff his interest in the firm, the bill of sale including the exclusive right to make and sell "Oakes' Candy." Afterward he began making candies for defendant, who advertised and sold them as "Oakes' Candies." *Held*, that defendants would be restrained from selling candy under that name.

⁸ *Myers v. Kalamazoo Buggy Co.*, 54 Mich. 215. Myers bought of owners of Kalamazoo Wagon Company all their interest "in the prop-

of a family may sell out his rights in a business to another

erty, assets, money and good-will, and all the other property of every manner and nature in and to the firm of the Kalamazoo Wagon Co." His vendors then organized the defendant company. Cooley, J., said: "Plaintiff was entitled to be put in possession of what he had bought. The good-will was a substantial part of the purchase, and purposely to take any steps to prevent his receiving the benefit of it was a wrong of the same nature as would have been the retention of some portion of the tangible property belonging to the stock of the company. This good-will is to be found in the probability that the old customers of the establishment whose dealings with it have been satisfactory to them will continue their custom and commend it to others." *Listman Mill Co. v. Listman Milling Co.*, 88 Wis. 334-1894; 60 N. W. 261. William Listman originated the trade-mark or trade name "Marvel" as applied to flour, and the name was used for some years by a firm of millers of which he was a member. During this period he registered, in his individual name, a trade-mark of which "Marvel" was the distinguishing feature. The business and the use of this mark or name were continued by a corporation formed by Listman, and then by the plaintiff corporation, in which he was largely interested and of which he was general manager. There was no formal assignment of the trade-mark or express agreement regarding it. Listman then severed his connection with plaintiff, organized the defendant company in another city, and defendant then be-

gan to apply the name "Marvel" to its flour. *Held*, that plaintiff had acquired the exclusive right to the use of this mark or name. *Giacomo Allegretti v. Allegretti Chocolate Cream Co.*, 177 Ill. 129-1898. "Transfer of the property and effects of a business carries with it the exclusive right to use such trade-marks or trade names that have been used in such business" (id. p. 132). Citing *Snyder Mfg. Co. v. Snyder*, 54 Ohio St. 86-1896; 43 N. E. 325; 31 L. R. A. 657; *Williams v. Farrand*, 88 Mich. 473-1891; 50 N. W. 446; 14 L. R. A. 161; *Fish Bros. Wagon Co. v. La Belle Wagon Works*, 82 Wis. 546-1892; 52 N. W. 595; 16 L. R. A. 453; *Merry v. Hoopes*, 111 N. Y. 415-1888; 18 N. E. 714; *Feder v. Benkert*, 18 C. C. A. 549; 70 Fed. 613-1895; *C. S. Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462-1895; 39 N. E. 490; 27 L. R. A. 42; *Peck Bros. & Co. v. Peck Bros. Co.*, 113 Fed. 291-1902; 62 L. R. A. 81; 51 C. C. A. 251. *Ayer v. Hall*, 3 Brewst. (Pa.) 509-1871. Defendant, R. P. Hall, had sold to plaintiff the right in a preparation called "Hall's Vegetable Sicilian Hair Renewer," including the right to use the defendant's name, and had been enjoined from using the name Hall in connection with any similar preparation sold by him. *Held*, that it was a breach of the injunction for him to sell "R. P. Hall's Improved Preparation for the Hair," even though accompanied by the words "This preparation is entirely different from Hall's Vegetable Sicilian Hair Renewer, but is compounded by the same inventor, R. P. Hall."

and in a similar way lose the right to use his own name to the injury of the vendee.⁹

§ 54. Sale of Business Site; Effect of, on Names.—This question is complicated often, because the name which is transferred is attached more or less definitely to some locality, building, or address, which has become really a part of the name and reputation of the business. This is true frequently of hotels, breweries, natural springs, newspapers, and the like. In such cases he who buys the buildings, or acquires the right to occupy them, will have the right to use the name attaching thereto, in the absence of very explicit contractual arrangement.¹⁰

* "Twin Brothers" Yeast. Where one brother sold out to the plaintiff the purchaser can enjoin the other from using the name. *Burton v. Stratton*, 12 Fed. 696-1882. Where a merchant using name "Little Jake" sold out, agreeing not to use the name, he can be enjoined from using the name. *Grow v. Seligman*, 47 Mich. 607-1882; 11 N. W. 404.

"*Vonderbank v. Schmitt*, 44 La. Ann. 264-1892; 15 L. R. A. 462; 10 So. 616. Plaintiff owned and ran "Hotel Vonderbank" or "Vonderbank Hotel." Plaintiff later opened "Cafe Restaurant Vonderbank" which was a saloon with a few rooms. In 1889 he sold the hotel to one Dormitzer, who assigned to creditors, who then conveyed to defendant. *Held*, that the right to use the name of plaintiff must be expressly understood to have passed at the sale or the purchaser may be enjoined from using it. Defendant enjoined. See *Browne Trade-Marks* (2d ed.), §§ 528-29 on Hotel Names. *Huwer v. Dannenhoffer*, 82 N. Y. 499-1880. Defendants sold real estate where their business was conducted and

certain personal property of the business. Defendant later set up in another place and used same trade name. *Held*, their trade-mark "Silex" did not pass with place and personal property or must be specifically nominated in sale in order to pass. *Rickerby v. Reay*, 20 R. P. C. 380-1903 (Ch. Div.). "Reay & Carrick" began to make farm machines at A. in 1875. Carrick died in 1879. The firm then became "Jno. Reay." In 1880 Rickerby, who was in business at Carlisle, sold the machines as agent. Reay died in 1885. In March, 1886, Rickerby bought the works. In 1898 Isaac Reay, the son of John Reay, began to make farm machinery in the old Reay & Carrick works at A., which Rickerby had just vacated. From the beginning of R. & C.'s business until 1898 a certain machine had been sold by this concern with a device of a crown upon the footplate. The machine was advertised as "The Crown" and this device was continuously used by plaintiff and predecessors up to the date of this action. In 1900 defendant issued circular headed "Crown Combined

The Missouri Appeal Court has held, in *Skinner v. Oakes*,¹¹ that courts do not go to the length of holding that the name of a man may be segregated from the man himself and from his business in connection with which he has used it, and erected into an ideal and abstract species of property, and be made a subject of traffic and sale in the open market. There is an exception to this in the case of names which are attached to a place of manufacture. Judge Field says, in this connection, that: "It is true, the primary object of a trade-mark is to indicate by its meaning or association, the origin of the article to which it is affixed. As distinct property, separate from the article created by the original producer, or manufacturer, it may not be the subject of sale. But when the trade-mark is affixed to articles manufactured at a particular establishment and acquires a special reputation in connection with the place of manufacture, and that establishment is transferred either by contract or operation of law to others, the right to use the trade-mark may be lawfully transferred with it. Its subsequent use by the person to whom the establishment is transferred is considered as only indicating that the goods to which it is affixed are manufactured at the same place and are of the same character as those to which the mark was attached by its original designer."¹² An assignment of trade-marks without any accompanying transfer of the business with which they are connected may be valid, if they are to be used on goods

Mowing & Reaping Machine, manufactured by Isaac Ray, Aspatia, late Reay & Carrick." Others were headed "Crown Implement Works, A —" then words "Established 1875" and device of a crown. A writ was issued in the action for injunction restraining use of the crown. August 16, 1902, defendant issued a very similar advertisement. This the court terms "perfectly unjustifiable from any point of view" (*id.* p. 387). *Held*, citing Lord Lindley in "*Inland Rev. Commissioners*

v. Muller & Co., App. Cas. 217-1901, that plaintiff had in 1886 bought right to represent himself as carrying on the old business, to use the crown device, and even if this were not so, plaintiff's goods had come to be known as "Crown" goods. Plaintiff's right did not end with the lease of the old shops but plaintiff could not prevent the works being called "Crown Works."

¹¹ 10 Mo. App. 45-61-1881.

¹² *Kidd v. Johnson*, 100 U. S. 617-1879, at p. 620; 25 L. ed. 769.

which are made at the same place as before,¹³ especially if the marks indicate some connection with that place.

Such a trade name attaches generally to the place of manufacture rather than to the person of the manufacturer. It is transferred, not with the person, but with the business itself.¹⁴ It cannot usually be assigned in gross, apart from the business to which it relates.¹⁵ Where a watch-maker of repute died leaving no business which had the right to use his name and the defendant subsequently did use it, the court refused to restrain him, holding that the right to the name was not assignable in gross.¹⁶ Where a name attaches to a place, it may be fraud for a person who buys it to use the name in carrying on there the same

¹³ *Witthaus v. Braun*, 44 Md. 303-1875. One Falk, a dealer in tobacco, assigned to complainant, a member of a firm of manufacturers who had been manufacturing for Falk, according to indications, all his "Smoking Tobacco Brands." *Held*, that while in general trade-mark rights can be assigned only in connection with the business, this assignment was valid, since the goods to which the brands belonged continued to be manufactured at the same place and by the same concern.

¹⁴ *Bury v. Bedford*, 4 De G. J. & S. 352-1864. A trade-mark or trade name is generally associated with the place of manufacture rather than with the person of the manufacturer, and may be transferred with the business to another, unless peculiarly personal in its application. A partnership trade-mark or trade name may be sold with the other partnership assets by the trustees under an assignment for the benefit of creditors.

¹⁵ *Crossman v. Griggs*, 186 Mass. 275-1904; 71 N. E. 560.

¹⁶ *Thorneloe v. Hill*, 11 R. P. C. 61-1894 (Ch. Div.). Defendant was, without any right to do so, selling watches marked "John Forrest." *Held*, however, that plaintiff was not entitled to restrain him from doing so, for the reason that his right to use the name was not established; it was traced by various steps to the actual John Forrest, who died many years before, and the particular defect pointed out in plaintiff's title was that the right to use the name was not assignable in gross, without some business or good-will to which it was appurtenant. *Fish Bros. Wagon Co. v. Fish Bros. Mfg. Co.*, 95 Fed. 457-1899 (C. C. A. 8th Cir.) (head-note): "A right of individuals to use certain trade names and devices in connection with the manufacture and sale of an article, established by a judicial decree, is not personal, in such sense that it cannot be sold and assigned to another, in a different locality, in connection with a transfer of the good-will of their business."

business as that of the former owner. But he may use the name in a different business although the difference be slight, as for instance between gin and Scotch whiskey.¹⁷

A lessee of a theatre will be allowed to use the name as against the lessor even if the theatre is named with the lessor's personal name.¹⁸ This rule goes upon the theory that the value of a trade name or trade-mark rests on its appropriation by one person so that it becomes identified to the trade with the goods or business site or "stand" of that person. Its value

"*J. & W. Nicholson & Co. v. Buchanan*, 19 R. P. C. 321-1900. About 1847 A. & Co. began to carry on the "Black Swan Distillery." In 1897 successors of A. & Co. assigned to the plaintiffs the good-will and trade-mark, and later all the distillery plant was taken from the premises. In April, 1897, defendant, a spirit merchant, bought the property; put up the figure of a black swan, and advertised that the "Black Swan Distillery" had been rebuilt. His wagons were marked "Black Swan Distillery." Defendant claimed he purchased premises without restriction; that "Black Swan" was nothing more than the name of the premises. The name "Black Swan" came from the fact that a public house of that name once existed on the spot where the distillery stood. It was more often known as "Anderson's Distillery" than as "Black Swan Distillery." *Held*: "As a general rule the owner of land or buildings of any kind may affix to it any name he pleases. *Day v. Brownrigg*, L. R. 10 Ch. Div. 294-1878. But I apprehend the court would interfere if a particular name were affixed with the view of making a dishonest reputation which would cause damage to another, as,

for example, if it were used for the purpose of representing that a business carried on there was the business of another, or even if, without any dishonest intention, the user were such as actually, or probably, to mislead" (id. p. 325). Defendant had a reputation as a dealer in Scotch whiskey. The Black Swan gained a name as a distillery of gin—not whiskey. Defendant does not deal in gin. No evidence was shown of anyone being misled. Action dismissed.

"*Booth v. Jarrett*, 52 How. 169-1876 (N. Y. C. P. Sp. T.). Plaintiff had built and for about four years managed a theatre which became well known as "Booth's Theatre." Defendants afterward came into control of the theatre under lease in which it was described as "Booth's Theatre," and designated it in the advertisement of their performances by the same name, representing themselves as lessees and managers. Plaintiff sought to restrain them from the use of this name, claiming that the public would be misled into believing that he still acted in and managed the theatre. *Held*, that defendants were entitled to continue the use of the name.

depends on two things: (1) It is the peculiar sign of that place or person. (2) It becomes a guarantee of the public against deception. If, therefore, it be separated from the merchandise upon which it is used, or the locality with which it has become associated, it loses these characteristics, and so becomes not only valueless, but is a cause of deceit and fraud, instead of a bulwark against deception. Cases involving rights to names of hotels, when a change of ownership or of lease occurs, will be found in the chapter on Business Names (§ 89). "A trade-mark cannot be assigned, or its use licensed, except as incidental to a transfer of the business or property in connection with which it has been used. An assignment or license without such a transfer is totally inconsistent with the theory upon which the value of a trade-mark depends and its appropriation by an individual is permitted. The essential value of a trade-mark is that it identifies to the trade the merchandise upon which it appears as of a certain origin, or as the property of a certain person. When its use has been extensive enough to accomplish that purpose, and not till then, it becomes property, and when it so becomes property it is valuable for two purposes: (1) As an attractive sign manual of the owner, facilitating his business by its use; (2) as a guaranty against deception of the public. By familiarity with the trade-mark attached to the owner's merchandise, purchasers are enabled to buy what they desire, and are thereby protected against imposition and fraud. Disassociated from merchandise to which it properly appertains, it lacks the essential characteristics which alone give it value, and becomes a false and deceitful designation. It is not by itself such property as may be transferred." ¹⁹

¹⁹ *MacMahan Pharmacal Co. v. Denver Chemical Mfg. Co.*, 113 Fed. 468-74; 51 C. C. A. 302-1901 (citing authorities). *Falk v. American West Indies Trading Co.*, 180 N. Y. 445-1906; 73 N. E. 1123; 1 L. R. A. N. S. 704n. A trade-mark is not a piece of property that passes from

hand to hand by assignment separate from the business of the owner of the trade-mark or of the article which it may serve to distinguish. Generally, it passes only with the business and good-will of which it is an inseparable part."

§ 55. Good Faith as to Names and Marks Required of Vendors Thereof.—Where one sells a business and the buyer later removes it to another place, good faith requires that the vendor, should he chance to occupy the old stand, use great care not to do anything which will cause the public to confuse his new business with that which he has sold or which will deprive his vendee of any of the benefits of his purchase to which he is rightfully entitled. The same is true where the vendors later occupy stands near their former one, now occupied by their vendee.²⁰ See § 52.

§ 56. Transfer of Portraits.—Trade-marks and names often are combined with the portrait of some person as well as his name. This fact does not prevent the assignment or transfer of the name and portrait.²¹ The death of the person whose name or mark is used by a firm does not prevent a transfer to the surviving partners with the right to use the portrait and name, provided the name was a part of the partnership or corporate property and assets; but unless the right to use the name was distinctively a part of the assets, the surviving partners have no such right whatever, and no power to transfer the right to use the same.²²

²⁰ *Angier v. Webber*, 96 Mass. (14 Allen) 211-1867; 92 Am. Dec. 748. Two of three members of a firm of wagoners sold to the third their interest and good-will in the business, with the property used in it, and agreed to do nothing to "impair or injure" such interest and good-will. The retiring partners then purchased stands close to the stand of the purchasing partner, engaged in business on the same route as he, and carried goods for many former customers of the firm, but did not directly solicit customers. *Held* to be a violation of the agreement. *Hall's Appeal*, 60 Pa. St. 458-1869; 100 Am. Dec. 584. Defendant, having sold to plaintiff for a valuable consideration, the good-will of an under-

taking business, removed to a place nearby on the same street and advertised that he had removed from the old to the new place of business and that he would there continue his former business. *Held*, that he should be enjoined from thus holding himself out to the public as continuing the business.

²¹ *Richmond Nervine Co. v. Richmond*, 159 U. S. 293-1895; 40 L. ed. 155; 16 Sup. Ct. 30.

²² *Kidd v. Johnson*, 100 U. S. 617-1879; 25 L. ed. 769. S. N. Pike, a distiller, branded his goods "S. N. Pike's Magnolia Whiskey, Cincinnati, Ohio," and formed a firm to continue the business, one member of which was the defendant, Kidd. In 1868 the firm removed its business to

Where a manufacturer sells goods to a customer who, in turn, sells them under another name, with the consent of the makers; and the second concern sells its business and good-will, and with them transfers also the name used by it in selling the goods, the purchasers will not be allowed to sell goods of another maker under this same name. Were such a use of a name allowed, the original makers would lose trade which had been secured by them in part through the merit of their goods.²³

New York, and the distillery as well as the use of all the brands there used, were transferred by Pike to a firm of which complainants were the successors. *Held*, that complainants had thus acquired the exclusive right to the use of the words above mentioned as a trade-mark and were entitled to enjoin its use by partners acting under a license from Kidd, claiming as survivor of the Pike Firm.

²³ *Shaver v. Heller & Mers Co.*, 108 Fed. 821-24-1901; 65 L. R. A. 878 (C. C. A. 8th Cir.). Heller made "American Ball Blue." No one else had used that name. Olmsted & Co. bought of Heller bluing which he sold as "American Wash Blue." Shaver bought out Olmsted and began to sell bluing not made by Heller under the names of "American Ball Blue" and "American Wash Blue," and seriously injured the business of Heller. They contended that as they bought Olmsted's good-will they had a right to sell any bluing they wished under the name of "American Wash Blue," because Olmsted sold bluing made by Heller and not by himself under that name. The court held: "That court (C. C. Iowa, 102 Fed. 882-1900) came to the conclusion that the appellants had no better right to use the name "American Wash Blue" to palm off the goods

of other manufacturers as those made by the appellee (Heller) than G. M. Olmsted & Co. had, and that the latter firm stood in such a fiduciary relation to the appellee (Heller) that they could not be permitted to take such action. It held that the good-will of the business established under the name 'American Wash Blue' was the property of the appellee (Heller) and not of Shaver who had bought the good-will of Olmsted, who had sold Heller's Wash Blue. These conclusions are, in our opinion, well founded in fact and in law. The excellence of the article and the introduction which the appellee (Heller) gave it or induced Olmsted & Co. to give it, established the trade in it, and gave that trade its value. Purchasers in the trade and the public came to know, to demand, and to buy the appellee's manufacture by this brand. The inevitable result is that the good-will of this trade became the appellee's property, which neither Olmsted & Co. nor their successors could lawfully lead away from it by fraud or falsehood. One does not lose the good-will of his trade in an article * * * by the fact that the consumers know only the name and the excellence of the article, and neither know nor care who makes it."

§ 57. Transfers in Bankruptcy and in Assignments for Creditors.—The fact that the sale is an involuntary one on the former owner's part, as through bankruptcy, or a receivership, will not change the rule; and he may in such a sale lose the right to use his own personal or family surname, in so far as necessary to give the purchaser the benefit of what he has bought. Purchasers of good-will and trade names in a bankruptcy sale or in a sale by assignees will be protected against injurious use of the name by the bankrupt after his discharge. It may be that the name of the business which has been sold in the bankruptcy is composed in part of his own family name or some name long used by him. Despite this, the buyer from the bankrupts is entitled to be put in control of his purchase and a court will enjoin the bankrupt from resuming the use of the name. This does not mean he may not use his own name or his firm name at all. It does mean he may not use it except in a way to distinguish it clearly from the name used by the purchasers.²⁴ An assignee for benefit of creditors may not,

²⁴ *Armington & Sims v. Palmer*, 21 R. I. 109-1898; 42 Atl. 308; 43 L. R. A. 95. Complainants were partners making engines under the name "Armington & Sims." They sold out at auction to Scott who, with other respondents, formed the corporation — Armington and Sims Company. Sims protested in writing against use of the name at the first directors' meeting. Armington was not present. Respondents claimed Armington & Sims were not in business after corporation was formed, hence could not suffer injury. Held no defense, as the company might resume at any time. *Hudson v. Osborne*, 39 L. J. N. S. Ch. 79-1869. The "good-will" in a title to a manufactory of certain provisions had been sold by assignees in bankruptcy to the plaintiffs, who continued to carry on under the title of "Osborne House" a business such as that which the de-

fendant Osborne, the bankrupt, had formerly conducted under the same name. Osborne, having been discharged in the bankrupt proceedings, commenced anew, and used upon his new place of business the words "Osborne House," where he carried on the same kind of manufacturing as before. He put up signs on his buildings and issued circulars calculated to lead the public to believe that he was conducting the old business. The court said that he had no right to use the words "Osborne House" as holding out, in any manner, that he was carrying on business in continuation of or in succession to the business originally conducted by Osborne, the defendant. He might have said that he had been twenty-two years at the "Osborne House," or that one of his partners had been for many years managing there, but he must not appropriate

in disposing of assets, do anything which will prevent the assignor from reaping all benefit which he lawfully may, from his name and reputation. Selling labels bearing the assignor's name has been held to be an unauthorized act on the part of such an assignee.²⁵

to himself the very words which he selected to designate the business. *Wilmer v. Thomas*, 74 Md. 485-1891; 22 Atl. 403; 13 L. R. A. 380. Under an assignment for the benefit of creditors by an insolvent manufacturing company, and upon a sale by the assignee, after advertising that the mills were to be sold as a going concern, the trade-mark and trade name (in this case the "Druid Mills") were held to pass to the purchaser. *Peck Bros. & Co. v. Peck Bros. Co.*, 113 Fed. 291-1902; 51 C. C. A. 251. A trade name passes by sale by the receiver of an insolvent corporation which had operated under that name and buyers could prevent others using it. *Kidd v. Johnson*, 100 U. S. 617-1879; 25 L. ed. 769; *Brown Chemical Co. v. Meyer*, 139 U. S. 540-1890; 35 L. ed. 247; 11 Sup. Ct. 65; *Richmond Nervine Co. v. Richmond*, 159 U. S. 293-1895; 40 L. ed. 155; 16 Sup. Ct. 30; *Sarrazin v. Irby Cigar & Tobacco Co., Ltd.*, 35 C. C. A. 496; 93 Fed. 624-1899; 46 L. R. A. 541n; *LePage Co. v. Russian Cement Co.*, 2 C. C. A. 555; 51 Fed. 941-1892; 17 L. R. A. 354; *Bank of Tomah v. Warren*, 94 Wis. 151-1896; 68 N. W. 549; *A. D. Warren v. Warren Thread Co.*, 134 Mass. 247-1883; see *Hazelton Boiler Co. v. Hazelton Tripod Boiler Co.*, 142 Ill. 494-1892; 30 N. E. 339; *Frazer v. Frazer Lubricator Co.*, 121 Ill. 147-1886; 13 N. E. 639; *Celluloid Mfg. Co. v. Cel-*

lonite Mfg. Co., 32 Fed. 94-1887; *R. W. Rogers Co. v. Wm. Rogers Mfg. Co.*, 17 C. C. A. 576; 70 Fed. 1017-1895; *Investor Pub. Co. v. Dobinson*, 72 Fed. 603-1896; *C. S. Higgins v. Higgins Soap Co.*, 144 N. Y. 462-1895; 18 N. E. 714; *Holmes, Booth & Haydens v. Holmes, Booth & Atwood Mfg. Co.*, 37 Conn. 278-1870. *Chesterman v. Seeley*, 18 Pa. Co. Ct. 631-1896; 5 Pa. Dist. 757 (head-note): "In the absence of proof to the contrary, it is presumed that a purchaser of all property of a firm, including good-will, at a receiver's sale, acquires as to the name of the firm a right to use the firm name in such manner as to indicate that the purchaser is the successor to the dissolved firm. Such a use of the firm name, although it includes or consists in the name of an individual, is the purchaser's exclusive right, and neither the individual whose name is so used, nor anyone else, can be allowed to interfere with it."

²⁵ *Matter of Adams*, 24 Misc. (N. Y.) 293-1898; 53 N. Y. Supp. 666. The assignee for the benefit of creditors of Robert Adams, a manufacturer, who had been doing business under the name "R. & H. Adams," first sold to one Robert F. Adams, certain goods manufactured by the assignor, and a large number of labels bearing the name above mentioned. *Held*, that the assignee should not be authorized to sell the right to use "R. & H. Adams" as

§ 58. Rights of Retiring Stockholders and Others in Corporate Names.—It has been held that one who has originated a trade-mark or trade name and has joined a company formed to push the brand of goods to which the name is applied, and has allowed it to use the mark, will not be heard later to question the title of the company to the name. This because the name has become a part of the company's property.²⁶ *Greucen v. Bell*²⁷ is authority for the statement that where a trade-mark or trade name is owned by one who enters into partnership with another for the manufacture of the article to which it applies, the title to the trade-mark does not pass to the partnership except by express agreement; especially where, from the circumstances of the case, it may be inferred that it was not the actual intention of the parties that the trade-mark should be partnership property.

Not only is a retiring partner who sells his interest in the business thereafter limited in his use of his own name, if that be a part of the name of the firm, but a stockholder whose name is a part of the name of the corporation may not, by the mere act of selling his stock, at once regain full possession and use of his name which now is also the name of the corporation. His rights to the name are limited, and he may use it only in so far as his use will not interfere with the business of the corporation. This is held, on the ground that he is presumed to have sold his stock in good faith. He must, therefore, respect the right and interest of the corporation in its name and good-will.^{27a} See § 105.

a trade name or trade-mark, as this would tend to confusion, and conflict not only with the rights of the purchaser of the labels, but also with the right of the assignor, upon resuming business, to use his own name and avail himself of his personal reputation.

²⁶ *Fulkins v. Blackman*, 13 Blatchf. (Conn.) 440-1876; *Solis Cigar Co. v. Pazo*, 16 Colo. 288-1891; 26 Pac. 556. The inventor of a trade-mark or trade name having permitted its

use by a company formed to carry on the business and in which he was largely interested, no objection can be made to its title, to the mark or name, because of the lack of a formal transfer thereof to the company.

²⁷ 115 Fed. 553-1902 (C. C. N. J.).

^{27a} See also discussion in chapter on "Family Names," § 77. *McFell Electric & Telephone Co. v. McFell Electric Co.*, 110 Ill. App. 182-85-1903. McFell was an incorporator of the McFell Electric Company in

§ 59. **Soliciting Old Customers.**— In retiring from a firm or corporation the one so retiring does not agree that the business will continue, even when he agrees not to enter that line of business for a certain period. It may continue, it may go elsewhere. Certainly if he leaves without making an agreement about again entering business, there is no reason why it should not follow him, provided (and here is where the law of unfair competition steps in) he does nothing to induce these customers to think that his new business or the goods made by his new concern is the old business, or are the goods made by the old business. In leaving the old house he sells that part of his interest in it which legitimately attaches to the name and the location or stand of that business, as contrasted with those interests which attach to him personally. These he resigns to the old house only by special agreement. He sells only such of the trade as the house can keep its grip on regardless of his leaving, provided he does thereafter nothing to fraudulently deprive them of this business.

It is urged that if a retiring partner solicits the customers of the house he has left, he is impairing the value of the thing he has sold. That it may be impaired is quite true, but if the law allows him to enter business only in such a way as to divert no business from the older concern, now necessarily his competitor, there is no real competition.

Where a partnership dissolution agreement provides that no further business shall be done under the name of the firm, each partner is considered to have reserved the full right to use his own name.²⁸ If one of the partners buys the

1890. In April, 1900, he sold his interest. May, 1901, he formed the McFell Electric and Telephone Company and began to compete with the old company, with an office in the same building. December, 1900, charter of the old company had expired. McFell was one of the signers of a petition for a license for a new company under same name, which was granted May, 1901. *Held*, "that when he sold out his stock in the company and his interest in its busi-

ness to McWade for a valuable consideration, as he did, he could not afterward resume the use even of his own name in carrying on the same business during the lifetime of the corporation in such a way as to mislead the public." Citing *Fraser v. Fraser Lubricator Co.*, 121 Ill. 147-1886; 13 N. E. 639.

²⁸ *Cottrell v. Babcock Printing Press Mfg. Co.*, 54 Conn. 122; 6 Atl. 791-1886.

good-will and old stand, and continues the business, he has the right merely to conduct a business at that particular place, with the probability in his favor that customers of the old company will continue to go there.

Some jurisdictions allow to an ex-partner all rights of advertising and soliciting of trade except to seek personally the trade of the customers of the former concern. Other courts have said that to refuse personal access to former customers is in a sense restraint of trade, and all such restraint must arise out of personal agreement, and from construction of law.²⁹

The rule to be gotten from the authorities seems to be that old customers may be solicited personally and in any other legitimate way by a retiring partner, who is not bound by special agreement not to compete with those running the old concern, but in doing so he may not use any method which will create confusion in the mind of the public as to which is his own new business and which is the old business. If either partner desires more he must see to it that it is provided for in a special agreement.³⁰

²⁹ These cases deal with the question: *Cook v. Collingridge*, Jacob 607-1825; *Crutwell v. Lye*, 17 Ves. 335-1810; *Johnson v. Helleley*, 2 De G. J. & S. 446-1864; *Churton v. Douglas*, 28 L. J. N. S. (Ch.) 841-1859; *Ginesi v. Cooper & Co.*, 14 Ch. Div. 596-1880; *Leggott v. Barrett*, 15 Ch. Div. 306-1880, see appeal; *Walker v. Mottram*, 19 Ch. Div. 355-1881; *Labouchere v. Dawson*, L. R. 13 Eq. Cas. 322-1872; *Pearson v. Pearson*, L. R. 27 Ch. Div. 145-1884; *Hall's Appeal*, 60 Pa. St. 458-1869; *Angier v. Webber*, 14 Allen (Mass.) 211-1867; *Bergamini v. Bastian*, 35 La. Ann. 60-1883; *Hanna v. Andrews*, 50 Iowa 462-1879.

³⁰ *Cottrell v. Babcock Printing-Press Mfg. Co.*, 54 Conn. 122; 6 Atl. 791-1886 (head-note): "A partner who, upon dissolution of partnership, purchases the good-will

secures merely the right to conduct the old business at the old stand, and in the absence in the contract of dissolution or stipulations to the contrary, the retiring partner may lawfully establish a similar business, even in the neighborhood, and by advertisement, circular, card, and personal solicitation, invite the public generally, including the customers of the old firm, to come there and purchase of him." But he must not so advertise and solicit as to lead to the belief that he is the successor to the old firm, or that the purchaser of the good-will is not carrying on the business formerly conducted by the old firm. *Hoxie v. Chaney*, 143 Mass. 592-1887; 10 N. E. 713. Hoxie sold his trade-mark, good-will, etc., in "A. N. Hoxie's Mineral Soap," and then began to manufacture soap and put up his soap in similar wrap-

The extremes to which courts have gone in discussing the rule are very well illustrated by *Genesi v. Cooper & Co.*,³² where James, L. J., writes as follows: "The command 'Thou shalt not steal!' is as much a portion of the law of courts of equity as it is of courts of law. The proposition, as I understand it, which has been gravely argued before me is this, that a trader who has sold for value his business and good-will to another man is entitled, notwithstanding, to solicit his old customers to deal with him just as if no sale had ever taken place. In my opinion, the defendants having sold the business, the attempt to take it away from the plaintiff in the way I have mentioned, is neither a lawful nor an honest attempt; and I consider that I should not be performing my duty in an adequate and proper manner if I hesitated for a moment to state that that was my opinion" (id. p. 598). "The present injunction asked from me is only to restrain the defendants from soliciting the old customers and from taking away the plaintiff's business, which, of course, must be right anyhow; but if I had been asked, I certainly should have prevented their dealing with the old customers. Can it be tolerated that men who have sold their business, including the benefit of their connection—here they have sold their trade, business, and 'good-will;'—I will come in a moment to what 'good-will' means—can, immediately after, take away the benefit of that connection so sold. I gave an illustration during the course of the argument, which I will repeat. Suppose a solicitor sells his business, say at five years' purchase, which is by no means uncommon, could he, having offices on the first floor, imme-

pers bearing the trade-mark he had sold. *Held*, he had the right in absence of express stipulation in the sale, to again enter the same business, but he had no right to represent himself as successor of the former business or as owner of the trade-marks, and an injunction was granted, restraining him from interfering with vendee's business by representing himself as successor of the late firm. Assets of a partnership include

trade-marks and good-will. The retiring partner here was enjoined from "virtual representation of himself as the successor to the business of the old firm," and was directed "not to interfere or compete with the business" of the old firm "by representing himself, either directly or by implication, as the successor of the late firm or as doing the same business that was done by them."

³² 14 Ch. Div. 596-98-99-1880.

diately afterward go on to the ground floor, paint up his name and receive his clients as usual because they choose to come to him, even if he did not actually ask them to come and transact their business with him? The answer would be that he was stealing that which he had sold, and any conduct more outrageous or more opposed to morality or law could not well be imagined''³³ (at p. 599).

Few cases have gone to the extent here advocated, viz., to forbid not only soliciting but even dealing with former customers. This would surely seem restraint of trade. On the other hand *Labouchere v. Dawson*,³⁴ holds that one who sells the good-will of a business is not precluded from engaging in a competing business, or from advertising his business, but he cannot directly solicit trade from the customers of the old business; and in *Pearson v. Pearson*,³⁵ James Pearson, the defendant, had assigned all his interest in various property derived under his father's will, including the business of an earthenware manufacturer, carried on by his father under the name James Pearson, to plaintiff, with an express provision, however, that defendant should be at liberty to carry on a similar business under his own name, while plaintiff was to discontinue using the name James Pearson. Plaintiff sought to enjoin the defendant from soliciting the old customers of the business in which defendant had assigned his interest.

³³ *Ginesi v. Cooper & Co.*, 14 Ch. Div. 596-1880. Prior to 1887, defendants carried on business as stone merchants under the style of "Cooper & Hampson." They are now called "Samuel Cooper & Company." The plaintiff is a stone merchant of Leeds, who, in 1877, purchased the business of Cooper & Hampson. The good-will was included. The day the business changed hands, Cooper & Hampson sent circulars to their customers announcing that they had retired from business, and that they had transferred it to the plaintiff. In 1879, defendants recommenced business as

stone merchants, as "Samuel Cooper & Company," and solicited business from the customers of the old firm. They distributed business cards and sent their former manager around for orders. This is a motion for an injunction restraining the defendants from soliciting orders from their former customers.

³⁴ L. R. 13 Eq. 322-1872. *Labouchere v. Dawson* was overruled by *Pearson v. Pearson*, L. R. 27 Ch. Div. 145-1884, which in turn was overruled by *Trego v. Hunt*, (1896) App. Cas. 7, which case followed *Labouchere v. Dawson*.

³⁵ L. R. 27 Ch. Div. 145-1884.

Held, that defendant had this right and would have it even in the absence of the express provision above mentioned.

The Illinois court states, that the rule as to soliciting old customers is unsettled. It cites *Trego v. Hunt*,^{35a} as authority for the English rule that a vendor of good-will may not canvass customers and solicit them not to deal with his vendee, and urge them to deal with him, and adopts this rule, citing various authorities.^{35b} "We do not think that the defendant ought to be allowed, after selling and warranting a good-will to the complainants, to purposely endeavor to prevent their receiving the benefit of it, or to attempt to disturb them in its enjoyment. The locality chosen by her was not near enough (600 feet) to have that effect. But to canvass old customers of the firm and endeavor to dissuade them from continuing to deal with complainants was a direct interference with the property sold, with the purpose of destroying it and preventing complainants having the benefit and advantage of it. The attempt to appropriate the telephone number * * * was of the same character."^{35c}

§ 60. Sale of Name or Business by Originator of an Article.

— One who has originated an article, on selling out the good-will of his business, may still advertise that he originated the article and continue to sell it, in the absence of a stipulation to the contrary. He may also state honestly where he formerly lived, the experience he has had, the skill he possesses.³⁶

^{35a} (1896) App. Cas. 7.

^{35b} *Meyers v. Kalamazoo Buggy Co.*, 54 Mich. 215; 20 N. W. 545; 52 Am. Rep. 811; *Coal Co. v. Spangler*, 54 N. J. Eq. 354, 34 Atl. 932.

^{35c} *Renft v. Reimer*, 200 Ill. 386-1902; 65 N. E. 720.

³⁶ *Fish Bros. Wagon Co. v. Fish*, 82 Wis. 546-67-1892; 16 L. R. A. 453; 52 N. W. 595. "The defendants have the lawful right to honestly and truthfully state where they formerly resided, the experience they have respectively had, and the skill they respectively possess in the manufacture of wagons and other vehicles;

but they have no right to represent their present business as the same which they formerly conducted at Racine. The circular addressed 'to our old customers and the implement trade,' issued by Fish Brothers and Company, and mentioned in the complaint and the foregoing statement, is, to a limited extent, objectionable on this ground; as for instance, where it speaks of their 'change of location' and 'firm name,' 'Fish Brothers,' 'formerly of Racine, Wisconsin,' and for the 'first time since 1883 we shall be able to furnish our patrons with the genuine Fish Brothers and Com-

§ 61. Effect of Locality on Transfers of a Business.—It is fraud for a partner who sells to an associate his share of the good-will of a partnership to send notices of his opening a new office in the same locality as the old office, even after a lapse of several years after the sale.³⁷

It is not unfair for the vendor of a newspaper to set up a new plant and publish another newspaper in the same locality served by his former paper.³⁸

pany wagon, fully up to our old standard of that date.' But the defendant may truthfully and in good faith publish the good qualities and material of the wagons and vehicles manufactured by them, and their superior facilities for the manufacture of the same at South Superior. In other words, their advertisements and marks must truthfully and in good faith refer to their own manufactures, trade, and business, and not to those of the plaintiff." *White v. Trowbridge*, 216 Pa. St. 11-1906; 64 Atl. 862. Defendant made chocolate chips, and claimed to be the originator of that particular kind of confectionery, to which he applied the name "Trowbridge's Chocolate Chips." He admitted the plaintiffs to a partnership which, after two years, was dissolved, the defendant selling and assigning to plaintiffs all his rights in, or connected with, the business including the good-will. Defendant within a few months began in the same city the manufacture of the same sort of confectionery, marking the packages "Chocolate Chips," and placing thereon his name, W. S. Trowbridge. He solicited trade generally and described himself as the "originator of the Chocolate Chips." His goods and packages as to markings, labels, and dress were sufficiently differentiated from plaintiffs'. *Held*,

that defendant was within his rights; that if the intention of the parties had been that the defendant should not engage in a competing business, that should have been expressly stipulated.

"*Foss v. Roby*, 195 Mass. 292; 81 N. E. 199-1907. Defendant and plaintiff had formerly practiced dentistry as partners in Boston, many of their patients coming from places outside Boston. The partnership was dissolved and defendant conveyed to Foss his interest in the business. After three years he began to practice again in Boston, sent circulars to patients of the old firm soliciting their patronage, referring to his connection with the old firm, and thus attracted many of these former patients. *Held*, that this was inconsistent with the covenant that would be implied from the transfer of his interest in the good-will that he would not practice in the same locality under such conditions as to impair the value of the good-will transferred by him. Defendant enjoined from practicing in Boston; damages of plaintiff to be assessed.

"*Rapp v. Over*, 3 Brewst. (Pa.) 133-1869. Defendant, owning a newspaper called "The Bedford Inquirer," sold it, with all the stock and "good-will" to M., and afterward began to publish another news-

§ 62. Partners' Rights in the Partnership Name, on Dissolution.— There is no intimation in the cases that a man is not free to use his name after leaving a partnership, in the absence of express stipulation to the contrary; but if he does use it in competition with the old concern, he must not in any way hold himself out as the real owner of the old business. That is the only limitation on his right to his own name, unless there be specific contract provisions as to it in the dissolution articles.³⁹

If, upon the dissolution of a firm, the partners divided among themselves the tangible assets, nothing being done or said regarding the use of the firm name, the name is an undivided asset of the partnership, which, upon dissolution, belongs to both partners in common, so that one may not enjoin the use of it by the other. If, however, the whole business and good-will is sold upon the dissolution, the trade name would also pass to the purchaser.⁴⁰

A sale by one partner of his entire interest in a dentistry partnership has been held to warrant a court in holding that there was an implied contract that the vendor would not again practice in the locality under such conditions as would impair the value of the good-will sold by him. To begin practice in the same town and send notices to former patients has been held to be an impairment of the value of the good-will.⁴¹ A

paper in the same place under the name of the "Bedford Patriot." *Held*, that the defendant, in the absence of any express agreement to the contrary, was at liberty to publish such a competing newspaper.

³⁹ *Thynne v. Shove*, 45 Ch. Div. 577-80-1890. Thynne sold to Shove "all the beneficial interest and good-will of the said Arthur Thynne in the said trade or business of a baker and pastry cook, so carried on by him as aforesaid." Plaintiff alleged that defendant issued cards in plaintiff's name intimating to the public that plaintiff was still carrying on the business. *Held*, by Sterling, J., that

defendant "has the right to use the name of the assignor for the purpose of showing that the business is the business formerly carried on by the assignor; and he has the full right to use it, subject to this: that he must not exercise that right so as to expose the assignor to any liability by holding him out to be the real owner of the business. That is the only limit of the defendant's right to use the plaintiff's name."

⁴⁰ *Banks v. Gibson*, 34 Beav. 566-1865.

⁴¹ *Foss v. Roby*, 195 Mass. 292, 81 N. E. 199-1907; see note 36 *supra*, for statement of this case.

former partner will not be allowed to make a colorable use of the name of a person who was once associated with him in business, even by nominally going into a new partnership with someone of the same name. The new association must be a *bona fide* one, or the court will regard it as an unfair attempt to obtain the custom of the former concern.⁴²

A partner who has retired from a firm which bore his name, or a member of a corporation which bears his name who sells his interest in the corporation totally or nearly so, may not prevent the remaining partners or the corporation from stating that it is continuing the old business or is its successor.⁴³

* *Hildreth v. McCaul*, 70 App. Div. (N. Y.) 162-1902 (1st Dept.); 74 N. Y. Supp. 1072. Hildreth & Segelken had for many years been dealers in honey, beeswax, etc., at 120 and 122 West Broadway. In May, 1901, they moved to another location, whereupon defendant, who had many years before been for a while a member of the firm, moved into the old place and opened business under the name "Hildreth-McCaul Company" with "Joseph M. McCaul, Prop." in small letters below. He claimed to have formed a partnership with one Hildreth, a former member of plaintiff's firm, but there was evidence tending strongly to show that there was no *bona fide* partnership. It also appeared that customers had been deceived by circulars issued by defendant into supposing him to be plaintiff's successor. *Held*, that the defendant was not entitled to use the name Hildreth as he had been doing, and that he should be enjoined from using it at all until the further order of the court.

* *Smith v. David H. Brand & Co.*, 67 N. J. Eq. 529-1904; 58 Atl. 1029. Complainant, William Smith, had for many years been in partnership with

David H. Brand under the firm name "Brand & Smith." In 1904 the partnership was dissolved and the defendant corporation, "David H. Brand & Co.," was organized by the two partners and one John H. Brand. The two partners conveyed to this corporation the assets and "good-will" of the firm. Complainant very soon sold his interest in the corporation to the corporation, retaining only one share, and, within a few months, formed with his brother, a partnership under the name "William Smith & Brother," to carry on the same business as the defendant. He then sought to enjoin defendant from advertising its business under the name of "Brand & Smith" or as "Successors of Brand & Smith," claiming that this tended to deceive the public. *Held*, that the defendant had not exceeded its rights. *Merry v. Hoopes*, 111 N. Y. 415-1888; 18 N. E. 714 (head-note): "Where upon the dissolution of a firm, one of the copartners purchases and succeeds to the business, the exclusive right to use trade-marks belonging to the firm passes to the purchaser, although no express mention is made of them in the deed of assignment."

Where Kottler did business as "H. Kottler & Co." and then took in Lepow and continued to use the same name for the new partnership, it was held that after three or four years had passed and the firm was dissolved, Lepow could not in the absence of special provision prevent Kottler from still using the name H. Kottler & Co.; although it was intimated that Lepow would be enjoined from using the sign "L. Lepow, formerly (in small letters) H. Kottler & Co." See §§ 216, 222.

It would seem that both these rulings might result in confusion and the better decision in cases of this sort would be to limit both parties to such use of the firm name as could not cause confusion as to which partner was carrying on the old business.^{43a}

Vice-Chancellor Plumer said that "a person not a lawyer would not imagine that when the good-will and trade of a retail shop were sold, the vendor might, the next day, set up a shop within a few doors and draw off all the customers. The good-will of such a shop, in good faith and honest understanding, must mean all the benefit of the trade and not merely a benefit of which the vendor might the next day, deprive the vendee."^{43b}

As to rights to partnership papers, see § 223.

^{43a}*Lepow v. Kottler*, 115 App. Div. (N. Y.) 231-1906; 100 N. Y. Supp. 779. Defendant Kottler, who had previously been doing business under the name of H. Kottler & Co., formed a partnership with plaintiff under the firm name of H. Kottler & Co. It was agreed that, upon dissolution, the party bidding highest should acquire the share of the other, a reference to the good-will being stricken out of the draft. Three or four years after, the firm was dissolved; one of the two adjoining stores was taken by each partner, but no provision was made as to the use of the firm name. Plaintiff then sought to restrain the defendant from using the old firm name, "H. Kottler & Co." Held, that the defendant was entitled to use the name. It is

intimated, also, that plaintiff was not entitled to use the sign "N. Lepow, formerly H. Kottler & Co.," the word "formerly" being in small letters. *Stein v. National Life Assn.*, 105 Ga. 821-1898; 32 S. E. 615; 46 L. R. A. 150. *Moore v. Rawson*, 185 Mass. 264-1904. Where a manufacturer of shoes, doing business under the name "D. G. Rawson & Co." entered into a partnership agreement with others under which the same business was to be carried on by the new firm at the same place and under the same name, the trade name passed to the firm without being specified.

^{43b}*Harrison v. Gardner*, 2 Mad. 198-219-1817. This is the doctrine of *Trego v. Hunt*, 12 T. L. R. 80-1895. See note 34, § 59, *infra*.

§ 63. **Dissolution by Death of a Partner.**—The former rule was that, on the death of a partner, the right to use a firm name and the title to it pass to the surviving partners.⁴⁴ This rule was doubted in *Crawshay v. Collins*,⁴⁵ and is not now regarded as law. The name is now held an asset of the company in which the estate of a deceased partner may participate.⁴⁶

In a purchase by a surviving partner of the rights of his deceased partner from the estate of that partner, the family and descendants of the deceased may lose the right to use the family name in any way detrimental to the rights of the surviving partner under the terms of the sale.⁴⁷

Where, on the death of a partner, all assets are sold at auction, a purchaser of the good-will obtains an unrestricted right to use the firm name, because such name is inseparable from the good-will.⁴⁸ In the case of a purchase of the partner-

⁴⁴ *Lewis v. Langdon*, 7 Simons 421-1835.

⁴⁵ 15 Ves. 218-1808.

⁴⁶ *Wedderburn v. Wedderburn*, 22 Beav. 84-1855; *Smith v. Everett*, 27 Beav. 446-1859; *Hall v. Barrows*, 4 De G. J. & S. 150-1863; *Dougherty v. Van Nostrand*, 1 Hoff. Ch. (N. Y.) 68-1839; *Williams v. Wilson*, 4 Sandf. Ch. (N. Y.) 379-1846; *Howe v. Searing*, 6 Bosw. (N. Y.) 354-1860; *Holden, Admr. v. M'Makin*, 1 Pars. Sel. Cas. (Pa.) 270-1847.

⁴⁷ *Hall v. Barrows*, 4 De G. J. & S. 150-1863. Partnership assets include the good-will and the right to use the trade-mark, and, on the purchase of all the partnership assets by a surviving partner, from the estate of a deceased partner at a valuation, the value of the good-will and trade-mark should be included.

⁴⁸ *Slater v. Slater*, 175 N. Y. 143-1903; 67 N. E. 224; 61 L. R. A. 796. *Hallett v. Cumston*, 110 Mass. 29-

1872. Hallett and Cumston were partners up to 1865, when Hallett sold out to Cumston, giving him right "to use the name of said Hallett jointly with his own name, in conducting his said business, but that such use of his name should give the plaintiff no rights or interest whatever therein, other than those named" (id. p. 30). Hallett was to continue three years as a salesman and to take one-third of the net profit. In 1870 Cumston died; defendant, the son of Cumston, was then notified, as executor of Cumston's will, that plaintiff terminated his agreement with Cumston and forbade the use of his (plaintiff's) name. Next day Cumston's son wrote Hallett that he had completed arrangements with another man called Hallett to join him in continuing his father's business. Held, by agreement with Cumston, senior, Hallett conveyed all interest in the

ship business by one partner, it is held that the exclusive right to the use of the firm name passes to the purchaser, although no express mention is made of such name in the agreement of dissolution. The purchaser acquires the good-will of the firm, and this includes, as against the retiring partners, the exclusive right to use the name under which the firm did business.⁴⁹

Where the member of the firm dies and his will and the partnership agreement contemplate the continuation of the business under the former name, the firm name cannot be considered as an asset of the estate, subject to sale by the executors of the deceased, but is a part of the property of the firm and often the most important part, and not to be changed or disposed of except as firm property.⁵⁰

business and cannot restrain use of trade-mark "Hallett and Cumston." The agreement terminated at Cumston's death. Cumston's executors had no right to use Hallett's name without his consent. They had right to use any other person's name. Injunction denied because there was no allegation that defendant used name Hallett with intent to represent it to be the name of the plaintiff and thereby defraud him.

"Merry v. Hoopes, 111 N. Y. 415-1888; 18 N. E. 714; *Menendez v. Holt*, 128 U. S. 514-1888; 32 L. ed. 526; 9 Sup. Ct. 143; *Listman Mill Co. v. Wm. Listman Milling Co.*, 88 Wis. 334-1894; 60 N. W. 261; *Slater v. Slater*, 175 N. Y. 143-1903; 67 N. E. 224; 61 L. R. A. 796; *A. G. Fisk v. Fisk, Clark & Flagg*, 77 App. Div. (N. Y.) 83-1902; 79 N. Y. Supp. 37. *Steinfeld v. National Shirt Waist Co.*, 99 App. Div. (N. Y.) 286-1904; 90 N. Y. Supp. 964. Plaintiffs were successors to a firm doing business under the name "National Shirt Waist Co.," and were doing business under that name. One Broads had

sold all his interest in the earlier firm to a party who, in time, assigned to plaintiffs; no express mention being made, however, of the firm or trade name. Defendant company was then organized under the same name as that used in trade by plaintiffs. Broads had two, and his brother ninety-seven of the hundred shares of the company. It was alleged that defendant had taken the name for the purpose of misleading the public, that confusion had in fact resulted, with injury to plaintiff's business. Held, that a preliminary injunction should be granted. Where, upon the dissolution of a firm, one partner purchases the business, he is exclusively entitled to the firm name, even though not dishonest in the agreement.

"Sohier v. Johnson, 111 Mass. 238-1872. Defendant was a member of the firm of E. A. & W. Winchester at the time of the death of the senior member, William P. Winchester. It was held, in view of the provision of the articles of partnership and of the will of William P.

§ 64. Transfers by Descent and Rights of Descendants.—

The good-will and trade names of a business which pass from its owner to some of his descendants, by devolution of law, will be protected in the hands of the descendants if they continue the business. They may use the ancestor's name as a trade name, because in so doing they will be regarded merely as carrying on the business carried on by him. The point to be considered is whether their use of the name can be reasonably regarded as indicating anything except that they are carrying on the business of the ancestor, or that the goods marked with the name are made at the old factory.⁵¹

Winchester, which contemplated the continuance of a firm under the old name, that the firm name and good-will of the business could not be considered an asset of the estate, subject to sale by the executors and trustees, especially after defendant in partnership with others, had for many years carried on the business under the old firm name. *Slater v. Slater*, 175 N. Y. 143-1903; 67 N. E. 224; 61 L. R. A. 796. A firm name is inseparable from the good-will, and the unrestricted right to use it passes to one who, by the dissolution of the firm, as by the death of one of the partners, purchases the assets of the firm, including the good-will, whether such purchaser be a surviving partner or a stranger. In this case, in an action for an accounting between the executor of the deceased partner of J. & J. Slater against the surviving partner, the entire assets of the firm had been directed to be sold at auction. The question thus arose as to what right to the firm name a purchaser (other than the surviving partner) would acquire. *Fisk v. Fisk, Clark & Flagg*, 77 App. Div. (N. Y.) 83-1902; 79 N. Y. Supp. 37 (1st Dept.). Plaintiffs

were administrators of the last surviving member of the firm of Fisk, Clark & Flagg. *Held*, that they were entitled to an injunction against the carrying on of a business similar to that firm's by defendants under a corporate name the same as that of the firm, since the good-will of the business (though not the name itself) could be disposed of by the representatives of the last surviving member, and the purchaser of the good-will would be entitled to hold himself out as the successor to the business of the extinct firm.

"*Leather Cloth Co. v. American Leather Cloth Co.*, 11 H. L. Cas. 523-1865. *Emerson v. Badger*, 101 Mass. 82-6-1869. Judge Gray: "The original inventor of the razor straps mentioned in the bill, and the owner and designer of the label put upon them by way of trade-mark, was Charles Emerson, Sr., who employed and instructed in his business five of his nephews, of whom Benjamin Badger, the father of this defendant, was the eldest, and the plaintiff was the third. Said Benjamin, in his uncle's lifetime, left his employment, and continued, with his consent and permission, but on his own account,

If the right to use a family name in trade has been transferred to one who derives a right to use the name by descent and wishes to use it in competition with him who has purchased the right to use it, he must accompany his use of it with such explanation of his connection with the name as will prevent fraud, and the explanations "must accompany the use, so as to give the antidote with the bane."⁵² Children of a decedent may form a corporation and use his name in the corporate name, and be protected in so doing against former employees of decedent and others who attempt to use his name in a similar business.⁵³

to manufacture and sell such straps and to use the same label thereon, and was succeeded in his business by his son, the defendant. The uncle died without issue, his nephews were among his heirs at law, and his business and trade-mark were not disposed of by himself by will or otherwise, nor by his administrator after his decease. The plaintiff, though bearing the same name, is not the original Charles Emerson, and has no greater right than the defendant to hold himself out as such, or to use the label of his uncle. The label used by the defendant does not represent his razor straps to be made by the plaintiff or by any person of the name of Charles Emerson, but states with exact truth the relation of the defendant to the original inventor and owner. The plaintiff, therefore, fails to prove either any infringement of his own rights or any wrongful act of the defendant." *England v. Downs*, 6 Beav. 269-76-1842. A widow carried on the business of victualler on premises leased from year to year. Before marrying again she assigned all her household goods, stock in trade, brewing utensils, and all her effects — thus excluding her

husband — and then married. "Good-will in a case of this sort," Lord Langdale said, "is the chance or probability that custom will be had at a certain place of business in consequence of the way in which that business has been previously carried on. . . . I must own my opinion is, that the good-will belonged to the wife, and was a part of the settled property, as annexed and incident to the things which were comprised in the deed, and that whether the particular interest she had in the leasehold premises was distinctly comprised in the deed or not."

"*Herring-Hall-Marvin Safe Co. v. Hall's Safe Co.*, 208 U. S. 554-59-1908.

"*S. Howes Co. v. Howes Grain Cleaner Co.*, 24 Misc. (N. Y.) 83-1898; 52 N. Y. Supp. 468. Upon the death of Simeon Howes, well known as a manufacturer of grain cleaners and similar machinery, his children and legatees formed a corporation under the name of the "S. Howes Company" to continue decedent's business; this corporation acquired from the executors the assets, trade-marks and good-will of decedent's business, without any ex-

§ 65. **Transfer of Secret Formulae.**—As to the law relating to transfers of secret formulae and processes, see the chapters on Trade Secrets and Interference with Contract.

One who owns such a secret may transfer it under contract providing that it be kept a secret by the person buying it, and may enjoin a breach of such contract. He may sell the same secret to various persons allowing to each the right to sell the article generally or in a prescribed territory.⁵⁴ See § 221.

press mention of the right to use the name. Former employees of the decedent then organized "The Howes Grain Cleaner Company" to engage in the same business. Confusion and mistakes on the part of customers were shown to have resulted. *Held*, that defendant should be enjoined from using a corporate name of which "Howes" was a part. *Marshall v. Pinkham*, 52 Wis. 572-1881; 9 N. W. 615. Samuel Marshall, having a recipe for a liniment apparently not originated by him or patented, allowed various members of his family to make and sell it, a label being attached containing the words "Old Dr. S. Marshall's Celebrated Liniment" and other words, and the figure of a horse's head. After his death his widow continued for a time to make and sell the liniment, and then sold all her material to the plaintiff, one of Samuel Marshall's sons. *Held*, that plaintiff had no exclusive right to make and sell the liniment, or use the old label and the trade name, but that the other children had similar rights.

"*Park & Co. v. Hartman*, 187 Mass. 144-1905, 72 N. E. 839, 153 Fed. 24; *Fowl v. Park*, 131 U. S. 88-1889, 9 S. Ct. 658, 33 L. ed. 67; In *Chadwick v. Covell*, 151 Mass. 190-1890; 23 N. E. 1068; 6 L. R. A. 839. The administratrix of Dr. Spencer, who had made certain medicines according to secret formulæ and under distinctive names, made what is assumed to have been a valid transfer to the plaintiff of the formulæ for these medicines with the trade-marks and labels. Afterward an administrator *de bonis non* assumed to convey to defendant the recipes and trade-marks for these medicines, except such as might have been already granted. Defendant then made and sold the medicines, with labels similar to those used by Dr. Spencer. *Held*, that he was entitled to do so; that both plaintiff and defendant could use the formulæ, as well as the trade names, which were not identified with any particular place of manufacture, so that defendant's use of them did not tend to deceive the public any more than plaintiff's.

CHAPTER VI.

FAMILY NAMES OR SURNAMES, AS TRADE NAMES.

- SECTION** 66. Nature of the right in one's own name.
67. What constitutes passing off by use of surname.
68. Rulings of equity courts directing use of explanatory words with defendant's name.
69. Acquired generic or secondary meaning of names.
70. Surnames which by usage become abstract names of objects.
71. Priority in use not resulting in secondary meaning.
72. Surnames used as abbreviations.
73. Names made up of surnames with other words or symbols.
74. Surnames acquired otherwise than by descent.
75. Voluntary change of personal name.
76. Rights acquired by him who first uses a surname in business.
77. Family names as corporate names.
78. Rights of descendants to the family name as used in business by an ancestor.
79. Summary.

“Similarity, not identity, is the usual recourse where one party seeks to benefit himself by the good name of another.”¹

The attitude of the courts toward questions arising in trade as to family names will be made clearer by a study of the protection equity is now giving to various other personal rights. The question of personal rights is a far different question now from what it was a century ago. To these changed conditions equity must and does adapt its remedies, often varying its method of relief, while never changing its few rules or curtailing its powers by specific limitation or definition. See § 20.

A family name or surname may be very valuable quite apart from any known personality, and although it does not designate any specific article, as, for instance, the name “Hall” in the safe trade. And this is so as an advertisement, even when divorced from any idea of succession from a predecessor known under that name. This value arises from long association with superior quality.²

¹ *Celluloid Mfg. Co. v. Cellonite Mfg. Co.*, 32 Fed. 97-1887.

² *Donnell v. Herring-Hall-Marvin Safe Co.*, 208 U. S. 267-72-1908.

§ 66. Nature of the Right in One's Own Name.—A man has rights in his family or personal name. Just what is their extent is disputed, but rights he most assuredly has, and these rights are such as usually will be protected by an equity court. The general impression is prevalent that a man's name, like his house, is particularly his own; and an Englishman or American is quick to resent any interference with such rights by the courts. The common law has taught them that "every man's house is called his castle. Why? Because it is surrounded by a moat or defended wall? No. It may be a straw-built hut: the wind may whistle through it, the rain may enter it, but the king cannot."³ And his name is more dear to him than his house.

It is only in recent times that the necessity for protection of one's name has become of special importance. Formerly, libel and slander afforded about the only ways by which one could injure another's name. Now, through the multiplication of advertising methods and through the present means of reaching the public ear and catching the public eye, the instruments at the hand of a person disposed to act fraudulently, by which he may injure his competitor's good name and business reputation, are legion. During the last twenty years, the courts have been developing this body of law, which has arisen because of numerous cases in which application has been made to enjoin such unfair methods of trade: and much of this law has been laid down in cases relating to family or personal names used as trade names.

§ 67. What Constitutes Passing Off by Use of Surname.—The fundamental principle is that a man has an unqualified right to use his own name as he will. It includes the right to make out of it a trade name for use in his business, which shall be his alone and transferable to his children after him, or which he may sell to another for value. As may be easily imagined, many vexing questions arise as to the rights inherent in and growing out of these names so used. As said above, every man has a right to the use of his own name. That is the first principle. To this the law of unfair competition has added another. No man may use even his own name in such manner as to in-

³ Stephens Dig. Evidence Introd. p. 23.

jure another unfairly or fraudulently in his business. "While it is true that every man has a right to use his name in his own business, it is also true that he has no right to use it for the purpose of stealing the good-will of his neighbor's business, nor to commit a fraud upon his neighbor, nor to trespass upon his neighbor's rights or property; and while it is true that every man has a right to use white paper, it is also true that he has no right to use it for making counterfeit money, nor to commit a forgery."⁴

First then, as to the general propositions. Can a court under any circumstances prevent a person from using his own name? Lord Colton says that it cannot be done, without intent on the part of the person offending to pass off himself as some other person. "In my opinion the court cannot stop a man from carrying on his business in his own name, although it may be the name of a better-known manufacturer, when he does nothing at all in any way to try and represent that he is that better-known and successful manufacturer."⁵ This view was held by the Connecticut court as late as 1885. The cases of *Croft v. Day*,⁶ and *Holloway v. Holloway*,⁷ both limited the rule, the court feeling that its duty to prevent deceit was stronger than the right of the offending party to an unrestrained use of his particular name. In the same breath, the court disclaimed any attempt to abridge the right of the defendant and declares its right and duty to prevent him from committing fraud.⁸

⁴ *Garrett v. T. H. Garrett & Co.*, 78 Fed. 472-1896; 24 C. C. A. 173, at p. 478.

⁵ *Turton v. Turton*, 42 Ch. Div. 128-1889, at p. 143.

⁶ 7 Beav. 84-1843.

⁷ 13 Beav. 209-1850.

⁸ *Croft v. Day*, 7 Beav. 84-1843. Executors of Day sought to restrain nephew of Day from making blacking under label similar to those used by Day & Martin. "His (plaintiff's) right is to be protected against fraud, and fraud may be practiced against him by means of a name,

though the person practicing it may have a perfect right to use that name, provided he does not accompany the use of it with such other circumstances as to effect a fraud upon others" (*id.* p. 88). "He has a right to carry on the business of a blacking manufacturer honestly and fairly; he has a right to the use of his own name. I will not do anything to debar him from the use of that, or any other name calculated to benefit himself in an honest way; but I must prevent him from using it in such a way as to deceive and defraud the

In 1853, *Burgess v. Burgess*⁹ was decided. This case held that every man had a full right to use his own name. Father and grandfather had sold "Burgess's Essence of Anchovies" since before 1800. The son then opened a competing business, and called his goods also "Burgess's Essence of Anchovies." His right so to do was upheld, Lord Justice Bruce saying: "All the Queen's subjects have a right, if they will, to manufacture and sell pickles and sauces, and not the less that their fathers have done so before them. All the Queen's subjects have a right to sell these articles in their own names, and not the less so that they bear the same name as their fathers."¹⁰

* * * No man can have any right to represent his goods as the goods of another person, but in applications of this kind it must be made out that the defendant is selling his own goods as the goods of another. When a person is selling goods under a particular name, and another person, not having that name, is using it, it may be presumed that he so uses it to represent the goods sold by him as the goods of the persons whose name he uses; but where the defendant sells goods under his own name, and it happens that the plaintiff has the same name, it does not follow that the defendant is selling his goods as the goods of the plaintiff. It is a ques-

public, and obtain for himself, at the expense of the plaintiffs, an undue or improper advantage" (id. p. 90). Cited with approval in *Brown Chemical Co. v. Meyer*, 139 U. S. 540-1890; 35 L. ed. 247; 11 Sup. Ct. 625. *Holloway v. Holloway*, 13 Beav. 209-1850. Thomas Holloway made and sold pills, etc., at 244 Strand as "Holloway's Pills and Ointment." Henry Holloway, a brother of the plaintiff, then sold pills at 210 Strand as "H. Holloway's pills and ointment," using boxes similar to those of plaintiff, and copying the latter's labels and wrappers. The evidence disclosed an intention to profit by this similarity. *Held*, Henry had no right to deceive the public and make them believe he

was selling Thomas' goods. "The defendant's name being Holloway, he had a right to constitute himself vendor of Holloway's pills and ointment, and I do not intend to say anything tending to abridge any such right. But he has no right to do so with such additions to his own name as to deceive the public and make them believe that he is selling the plaintiff's pills and ointment" (id. p. 213). Followed in *Brown Chemical Co. v. Meyer*, 139 U. S. 540-1890; 35 L. ed. 247; 11 Sup. Ct. 625; and *McLean v. Fleming*, 96 U. S. 245-1877; 24 L. ed. 828.

⁹ 3 De G. M. & G. 896-903.

¹⁰ See also *Rodgers v. Nowill*, 6 Hare 325-1846.

tion of evidence in each case, whether there is false representation or not" (id. p. 904-5).

This case has been widely cited and repeatedly distinguished and limited by the courts of both England and this country. For instance, in *Massam v. Horley's Cattle Food Co.*,¹¹ the court said: "Now *Burgess v. Burgess* has been very much misunderstood if it has been understood to decide that anybody can always use his own name, as a description of an article, whatever may be the consequence of it, or whatever may be the motive for doing it, or whatever may be the result of it."

Lord Turner, in a concurring opinion in the *Burgess* case itself, laid down important limitations on the right to use one's own name as a trade name.

Lord Esher in *Turton v. Turton*, a case decided in 1889, thought that, in addition to using the same family name that was in use by some one already established in business under that name, one must also do other acts tending to create confusion in the mind of the public, in order to be held guilty of unfair competition.¹²

¹¹ 14 Ch. Div. 748-52-1880.

¹² *Turton v. Turton*, 42 Ch. Div. 128-1889. The names in question were "Thomas Turton & Sons" and "John Turton & Sons." Lord Esher, M. R., held in substance as follows: "Now it is not proved against the defendant, that he did anything in the way of his trade which tended to give any other meaning to the name in which he carried on his business, or which could give any other meaning to it, than merely the fact that he did carry on business, and was in partnership with his sons. He had not done anything with the intent or for the purpose of making the use of his simple name look as if his name was the name of the plaintiffs. In some cases, besides using the name, parties have, to use what I think is a happy phrase of my brother Cotton's, 'garnished that

use,' that is they have done things besides using the name, in order that the use of that name might look as if it were being used by the old firm" (id. p. 134). "I assume that the names are sufficiently alike to cause blunders in trade; but they are blunders of the people who make the blunders. Has the defendant done anything so far to cause these blunders even though he did not intend it, which entitles the court to stop him from doing what he is doing? He is simply stating that he is carrying on business with his two sons as partners. I say that is the accurate and exact truth of what he is doing. I will assume for the moment that it is pointed out to him what he is doing, that blunders will occur in the business and that the results which are complained of will happen. Is there anything dishonest,

The Turton case emphasizes two points, viz., that the defendant cannot be held accountable for the stupidity or carelessness of heedless purchasers who deal with the plaintiff or with him; and that if, in the name the defendant has used, he has stated the exact truth, he is not responsible for injury suffered by the plaintiff. Both these questions are discussed later on under the head of Defenses.

This opinion assumes that the contention is made that, if two persons of the same name desire to enter the same business, one must "discard his own name and take a false one." No one now contends that fair dealing demands this; but it does demand that if these two namesakes are to compete, while neither is forbidden to use their common name, neither must

— is there anything wrong morally, in any, even in the strictest sense, in a man using his own name, or stating that he is carrying on business exactly as he is carrying it on? Is there anything wrong in his continuing to do so, because people make blunders, and even, if you please, because they make probable blunders? What is there wrong in what he is doing? Now it is said that the plaintiffs have a trade name and a property in their name. I doubt about property, though they have this right: That no man shall wrongfully interfere with their name. But they have no right to say that a man may not rightly use his own name. I cannot conceive that the law is such. If the law were such, the law would be most extraordinary and, to my mind, most unjust, to prevent a man's using his own name. And I must say this, that all the arguments which have been used in this case would have been equally applicable if there had been nothing about sons, and if one man were carrying on business as Thomas Turton under the circumstances in which Thomas Tur-

ton & Sons were carrying on their business, and another man named John Turton were to come and carry on his business simply in his own name. Therefore the proposition goes to this length: that if one man is in business and has so carried on his business, that his name has become a value in the market, another man must not use his own name. If that other man comes and carries on business he must discard his own name and take a false name. The proposition seems to me so monstrous, that the statement of it carries its own refutation. Therefore, upon principle, I should say it is perfectly clear that if all that a man does is to carry on the same business, and to state how he is carrying it on, that statement being the simple truth, and he does nothing more with regard to the respective names, he is doing no wrong. He is doing what he has an absolute right by the law of England to do, and you cannot restrain a man from doing that which he has an absolute right by the law of England to do" (at p. 135-36).

do any act that will create confusion which will result in injury to the other.

In 1875, twenty-two years after *Burgess v. Burgess*, the New York Court of Appeals decided *Meneely v. Meneely*,¹³ which case held, by Andrews, J., "that any person may use in his business his family name, provided he uses it honestly and without artifice or deception, although the business he carries on is the same as the business of another person of the same name previously established, which has become known under that name to the public, and although it may appear that the repetition of that name in connection with the new business of the same kind, may produce confusion and subject the other party to pecuniary injury. The right of a person to use his family name in his business is regarded as a natural right of which he cannot be deprived, by reason simply of priority of use by another of the same name."

This doctrine as laid down in *Meneely v. Meneely*, was cited with approval in *C. S. Higgins Co. v. Higgins Soap Co.*,¹⁴ where the court said: "The right of a man to use his own name in his own business the law protects, even when such use is injurious to another who has established a prior business of the same kind and gained a reputation which goes with the name."

§ 68. Rulings of Equity Courts Directing Use of Explanatory Words with Defendants' Name.—The rule as it exists to-day in the conservative jurisdictions is stated by the Circuit Court of Appeals in *Wyckoff, Seamans & Benedict v. Howe Scale Co.*,¹⁵ as follows: "No one may be excluded from taking up whatever business he chooses by the circumstance that someone else of the same name has made a reputation in it; nor may he be required to conduct such business under an alias, although the conducting of it under his own name may produce a confusion in the public mind as to the identity of goods, which no 'precaution or indication' of his can effectually prevent. It is through no fault of his that his name happens to be the same as that of some other man, who has already impressed his

¹³ 62 N. Y. 427-67-1875.

¹⁴ 122 Fed. 348-51-1903; 58 C. C.

¹⁵ 144 N. Y. 462-68-1895; 39 N. E. A. 510.
490; 27 L. R. A. 42.

personality on some particular industry. All that is required of him is that he shall use reasonable precautions to prevent confusion; that he shall refrain from any affirmative act which may produce it. Thus doing and thus refraining, he may do business under the name that came to him without his choice, and may call his goods by it, if he pleases."

There is, however, something abhorrent to justice and common sense in allowing one who has built up a profitable business to suffer severe loss of money and trade, because another who happens to enter the business later has been given the same name as he. Such an idea is opposed to the American and English idea of fair play. The courts have experienced this feeling and have in numerous instances tried to prevent the injury, at the same time trying to uphold the unqualified right of the defendant to the use of his own name, going even farther than the court went in *Wyckoff v. Howe Scale Co.*, *supra*. In recent years it has been common for the courts to dispose of cases where a common family name was being used by defendant to the injury of plaintiff, by allowing the defendant to use his name, but only in such ways as would not give occasion for purchasers being deceived into thinking the goods on which it appeared were those of the plaintiff, and thus giving relief to the plaintiff without forbidding anyone to use his own name. In other instances the court has ordered that the defendant use his full name instead of merely his surname, as where two "Hoffs" manufactured malt extract, Leopold, being later in beginning business than Johann, was ordered to prefix his first name to all his labels.¹⁶

"*Tarrant & Co. v. Johann Hoff*, 76 Fed. 959-1896; 22 C. C. A. 644. "Complainant acquired the right to manufacture and sell in the United States 'Johann Hoff's Malt Extract' under labels and trade-marks used in Germany for many years, and which entered into commerce under the name 'Johann Hoff's' or simply 'Hoff's' extract. Defendant became the selling agent for a malt extract manufactured by Leopold Hoff in

Germany, using the words, 'Hoff's Malt Extract' on its labels and advertisements, affixing also a perpendicular side label, 'Manufactured by Leopold Hoff.' Held, that defendant should be enjoined from using the words 'Hoff's Malt Extract,' unless preceded by the word 'Leopold,' and that the perpendicular label was insufficient" (head-note). *Royal Baking Powder Co. v. Royal*, 122 Fed. 337-1903; 58 C. C. A. 499-506. "Now

A very good illustration of the present attitude of the courts is found in the cases brought by the Walter Baker Chocolate Co. against various persons by the name of Baker, who have set up in the chocolate business from time to time. The following summary is taken, in part, from the Trade-Mark Bulletin, for 1905. The business of Walter Baker & Co. was begun in 1780, at Dorchester, Mass. For more than fifty years it had been conducted under its present name. In 1894, William H. Baker, of Winchester, Va., began to market chocolate put up and labeled with the name "W. H. Baker & Co.," so as to cause his goods to be called for, sold and accepted as the goods of "Walter Baker & Co.," whose goods were marked "W. Baker & Co.," thereupon, Walter Baker sued William H. Baker, and his New York agent, Sanders, to enjoin them from using the name "Baker." In the suit against Baker, the Circuit Court in the Western District of Virginia,¹⁷ while refusing to enjoin the defendant from using his own name, enjoined him from using the name "Baker" alone or in connection with the designation "& Co." and required him to use it in some distinctive manner.

In the suit against Sanders in the southern district of New York, an injunction was granted which specified the manner in which the goods in controversy should be marked, and required the defendant to place upon his packages in prominent type the words, "W. H. Baker is distinct from and has no connection with the old chocolate manufactory of Walter Baker & Company."¹⁸

The next suit was brought by Walter Baker & Co. against William P. Baker, of New York, and restrained him from using

if defendant did not bear the family name of 'Royal' there would not be the slightest doubt but that his use of the word 'Royal' in connection with a baking powder made and sold by himself would be absolutely prohibited, on the ground that the use of so arbitrary and meaningless a word applied to a baking powder could only be with the dishonest intent to appropriate to himself some

of the benefits resulting from the demand for the Royal baking powder made and sold by the complainant" (id. p. 343). The defendant was ordered to distinguish his goods from those of complainant, and make his name inconspicuous.

¹⁷ *Walter Baker & Co. v. Baker*, 77 Fed. 181-1896.

¹⁸ *Walter Baker & Co. v. Sanders*, 80 Fed. 889-1897.

the name "Baker" alone, in the sale of chocolate, or from using it with the initial "W." only, but providing that he might use his name in full, "William P. Baker" or "William Phillips Baker" and might indicate in appropriate language upon the packages of his goods that they were made and prepared, or sold by William P. Baker, of New York."¹⁹

In the next series of two cases, William H. Baker, of Winchester, Va., appeared as complainant. It appeared that one William H. Baker, of Syracuse, N. Y., had now begun to trade upon the reputation of the former infringer, William H. Baker, of Winchester, Va., and was using upon his packages the same form of marking which the court had required the latter dealer to place upon his, to wit, "Wm. H. Baker is distinct from the old chocolate manufactory of Walter Baker & Co.," thereby making it appear that he was the "William H. Baker" who had been enjoined at the suit of Walter Baker & Co. Thereupon, William H. Baker, of Winchester, Va., brought suits against William H. Baker, of Syracuse, and also against Sanders, now the agent of the latter, to compel them to desist from the use of this marking. In the suit against Sanders such injunction was granted, and also an injunction requiring the defendant to desist from the use of the name in the form "W. H. Baker," or "Wm. H. Baker," but permitted him to use the full name, "William H. Baker" in connection with the word, "Syracuse" when the same were printed in type of sufficient prominence.²⁰ In the suit against Baker, of Syracuse, a similar decree was made.²¹

In the latest of the series, Walter Baker & Co., as complainants, sought to restrain the defendant, Slack, a retail grocer, of Chicago, from advertising the goods of William H. Baker, of Winchester, Va., as "Baker's Chocolate" and "Baker's Cocoa" and from selling them to customers who asked for "Baker's Chocolate" or "Baker's Cocoa."

The relief awarded was an injunction to prevent the defendant from advertising, selling or causing to be sold any choco-

¹⁹ *Walter Baker & Co. v. Baker*, 87 Fed. 209-1898.

²⁰ *Baker v. Baker*, 115 Fed. 297-1902 (C. C. A. 2d Cir.).

²¹ *Baker v. Sanders*, 97 Fed. 948-1899 (C. C. E. D. Pa.).

late or cocoa other than that of the complainant as or under the names "Baker's Chocolate" or "Baker's Cocoa," and from using the name "Baker" alone in any way whatever in connection with the advertisement or sale of chocolate or cocoa other than that of Walter Baker & Co., or in any way so as to indicate that the goods of the Virginia manufacturer were "Baker's Chocolate" or "Baker's Cocoa."²²

Another good illustration is found in the Rogers cases. The name Rogers has come to be associated in a peculiar way with the manufacture of silver. The business was started in 1872 by Rogers Brothers, who stamped their goods "Wm. Rogers Manufacturing Co." and "Wm. Rogers & Son." Various persons who bore the name "Rogers" have, from time to time, set up in the silver business, under the name of "Rogers," only to be curtailed and limited by the courts in the use of the name.

In 1883, George Rogers, a lawyer, and others started the "Rogers Manufacturing Co." and sold silver as "6 Rogers A-1." Held, defendants intended by so using their name to deceive the public.²³

Walter Baker & Co. v. Slack, 130 Fed. 514-1904 (C. C. A. 7th Cir.).

²² *William Rogers Mfg. Co. v. Rogers Mfg. Co.*, 16 Phila. 178 (Com. Pl. Phila. 1883). The plaintiff company was incorporated in 1872, and succeeded to a business of manufacturing silver plate which had long been carried on by three brothers named Rogers and their successors. Their goods were stamped with the name "Wm. Rogers Mfg. Co." or "Wm. Rogers & Son," and the name Rogers had long been identified with these goods, which were of high reputation. The defendant company was formed in 1883 by George Rogers, a lawyer, George Linsenmayer, a silversmith, and another, and it stamped its goods "6 Rogers A-1." The court considered that in adopting its name de-

fendant intended to mislead the public. Defendant was enjoined from using the name "Rogers" on its ware. The court, with reference to the proposition that in general any man may apply his own name to the goods in which he deals, says: "But if the use of the name is intended to gain an advantage over anyone already established, and using it in the same trade, or if, without such intent, the effect is to mislead and deceive buyers, then such use of the name will be prevented by injunction; and while all intendments are made in favor of a person formerly in the trade, when he sets up a new firm, yet the presumptions are against a stranger to the business, when he sets up a rival establishment" (p. 179).

In 1907, William H. Rogers started in silver business, marking goods "W. H. Rogers, of Plainfield, New Jersey," and his packages "Not connected with any other Rogers." Court held, this was not sufficient identification. He must mark his goods "Not the original Rogers," "Not connected with the original Rogers."²⁴

William H. Rogers, a bicycle maker at Bristol, began to make silver stamped "Wm. H. Rogers." One Hubbard furnished all the capital. Held, he was seeking to pass off his goods fraudulently, else he would have used name "Rogers & Hubbard." Defendant was enjoined from use of word "Rogers" associated in any way with word "William" or

²⁴ *International Silver Co. v. Rogers*, N. J. Eq. ; 67 Atl. 105-1907. Complainant was the successor to the good-will of an extensive business in silver-plated ware originally established by the Rogers Brothers, by whose surname the goods had long been generally known. Defendant, W. H. Rogers, had been the president of a rival concern, the William H. Rogers Corporation, which had been enjoined from the use of any name of which "Rogers" was a part. Defendant then set up in business in his own name, stamping his goods "W. H. Rogers, of Plainfield, N. J.," and marking his packages "not connected with any other Rogers." Held, that this was not a sufficient differentiation, and that defendant should be enjoined from making and selling his goods, unless he should stamp upon them "not the original Rogers" or "not connected with the original Rogers." "The normal presumption that the use of one's name is an honest one may be rebutted by showing a fraudulent use of it touching the matter in issue." (Referring to the fact that such fraudulent prior use was here established, the court

proceeds:) "The burden is therefore on the defendant to show that the use of his name is not in effect a continuation of such prior fraud" (id. p. 106). As to the differentiating effect of the addition to defendant's name of the place of manufacture, the court remarks that the original Rogers' goods had been manufactured in various places and says: "Locality has no sufficiently distinguishing force, because locality is not associated in any way with the mark itself." As to defendants' use of the words "Not connected with any other Rogers" on the wrappers, the court remarks that these words would not reach the retail purchaser, and adds that even if they do they would not suffice. "These words merely tend to add to the confusion. They might well be, and usually would be, employed by an original manufacturer seeking to warn the trade when he finds on the market other goods which may be passed off as his. In employing such words, so misleading and ambiguous, the defendant is clearly guilty of bad faith" (id. p. 107).

abbreviation of it. The corporation was not enjoined from use of word "Rogers" with words "W. Henry, Plainfield, N. J." ²⁵

In 1901, a corporation was formed by Simon L. and George H. Rogers, sons of one of the original Rogers Brothers, but neither of them had active control of the business. They advertised their ware as "The Real Rogers goods," etc. They were enjoined from using the word "Rogers" or "Rogers Bros." or stating their goods were "The Real Rogers goods" or that they were "the only real Rogers Bros." ²⁶ This was on the preliminary hearing.

²⁵ *International Silver Co. v. Wm. H. Rogers* (N. J.), 66 N. J. Eq. 119, 57 Atl. 1037-1904. In 1890 William H. Rogers, who had been in the bicycle business, began to make spoons and forks through a company at Bristol, having them stamped "Wm. H. Rogers Co." In this venture he was at first with one Hubbard, who furnished all of the capital. Held, that he was evidently seeking to pass off his goods. Had he not been he would have used the name "Rogers & Hubbard." The name he did use was strikingly like the name of a company then in existence, the "Wm. H. Rogers Manufacturing Co." He had no skill or reputation in the market as a dealer in silver nor any financial responsibility, and yet the B. Company were willing to pay five cents per dozen for knives stamped with his name. This would only have represented the value of the name and reputation of the predecessors of the complainant. He was seeking to pass off his goods as the goods of his competitor. A man is not always debarred from giving his own name to a corporation, where it happens to be the name of the competitor. If he did it for some good reason and in such a way

as not to mislead the public his name may be of value to him because it suggests his skill or his financial ability or something else that belongs to him. In this case there was no valid reason why the individual name should have been adopted as a corporate name, and further the name was not embodied in the corporate name merely but in its most objectionable form with the abbreviation "Wm.," just as in the corporate name. For this the court held that there was not any excuse. The gravamen of the action was not fraudulent intent but misrepresentation, the *suggestio falsi* is to be found in the name stamped on the ware. The W. H. Rogers corporation should be enjoined from advertising its wares under the corporate name or under any name in which the word "Rogers," with the word "William" abbreviated or unabbreviated, is a part, or from selling its wares under that name.

²⁶ *International Silver Co. v. Simeon L. & George H. Rogers Co.*, 110 Fed. 955-1901 (C. C. Conn.). Defendant was a corporation recently organized to make silver-plated ware. Simeon L. and George H. Rogers, after whom

These cases will show some of the limitations and conditions imposed on the use of names in trade, by those who have an absolute right to use them under ordinary circumstances. These limitations may be called legal regulations of a person's use of his name. While no one will be forbidden by equity to use his name in trade, that court has large power to regulate and limit that use.^{26a}

it was named, were sons of one of the original Rogers brothers, but neither had been engaged in the manufacture of silver-plated ware, though one had been employed in the business at small wages. Neither of the active managers of the defendant corporation was a Rogers. Defendant advertised their goods as "The real Rogers goods," and represented Simeon L. and George Rogers as "the only real Rogers Brothers." *Held*, that defendant should be restrained by preliminary injunction from stamping its goods "Rogers" or "Rogers Bros." either with or without an accompanying emblem, monogram or initials, and from representing its goods to be "The real Rogers goods," and the manufacturers to be "the only real Rogers Bros." The court postponed until a final hearing the determination of the question whether or not defendant should be enjoined from the use of its corporate name, as having been adopted solely for the purpose of unfair competition. *International Silver Co. v. Rogers Bros. Cutlery Co.*, 136 Fed. 1019-1905 (C. C. W. D. Mich. 5th D.). The defendant company was formed by two persons of the name of Rogers, and another person, and did not itself manufacture, but bought and sold cutlery. It placed upon the market knives manufactured by the Muskegon Cutlery Co., and stamped them

with the name "RoDgers Bros. Cutlery Co." (capitalizing the d). *Held*, that the defendants' use of the name was *prima facie* fraudulent. Preliminary injunction granted. See also *International Silver Co. v. Wm. H. Rogers Corp.*, 67 N. J. Eq. 646-1905, 60 Atl. 187, reversing 66 N. J. eq. 119, 57 Atl. 1037; *International Silver Co. v. Rogers*, 67 Atl. 105-1907, reversing 63 Atl. 977; *International Silver Co. v. Wm. G. Rogers*, 113 Fed. 526-1902, affirmed, 118 Fed. 133.

^{26a} *David E. Foutz Co. v. S. A. Foutz Stock Food Co.*, 163 F. 408-1908 (C. C. Md.). Two brothers, David E. and Solomon A. Foutz, about 1858 sold remedies for cattle, under the firm name S. A. Foutz & Bro. In 1867 Solomon A. sold out to his brother, who continued the business, under the name S. A. Foutz & Bro. until 1903, when the complainant company was organized. The various remedies sold by it had long been known by the name Foutz, which was registered as a trade-mark. In 1904 Stanley A. Foutz, son of Solomon, organized the defendant company and began to sell similar remedies under such names as "S. A. Foutz Condition Powders," "S. A. Foutz Liniment," etc. There was no similarity in the dress of the packages. Attention was called to defendant's

§ 69. Acquired Generic or Secondary Meaning of Names.—

Out of this difficulty which the courts have found in preserving this right which every man has to use his own name and at the same time preventing injury and fraud arising from the exercise of that right, the doctrine of secondary meaning has been evolved. Words which form a part of the common stock of the language may become so thoroughly identified with some one person's business or goods, that it is quite possible that the use of them alone, without any qualifying words or other explanation, by another manufacturer, would deceive buyers into believing that there was but one concern or one brand of goods instead of two. This supposes the extreme condition, and cases involving just these facts are rare. There are cases, however, on record where a name has become so completely identified with a particular business or manufacturing plant as to become *synonymous* with it. This was the fact with the name "Stone" used as a name of ale, it being also the name of the town.

This "Stone Ale" case is perhaps the best known of these cases, and held that the geographical name Stone having been used for upwards of 100 years with the word ale, had come to mean not only ale which happened to be made in the town of Stone, but the particular ale made there by the plaintiff for so many years.²⁷

Where a personal surname becomes so identified with an object or business or manufacturing plant as to become synonymous with it, it follows that for any other person to use the name as the name of a rival business—even though he bears the name and his fathers have borne it before him—cannot

trade-mark, a pansy. Defendant's goods, however, were described as the "genuine" ones. *Held*, that defendant should change its corporate name to "Stanley A. Foutz Stock Food Company," and in its labels, advertisements, etc., should not only give the date and place of incorporation, but should state that the formulæ followed were those prepared by Stanley A. Foutz, and that the

goods were not the remedies prepared by the David E. Foutz Co., successor to S. A. Foutz & Bro., originally established in Baltimore about 1858.

"*Montgomery v. Thompson*, (1891) A. C. 217, 64 L. T. R. 748. For discussion of rule as to Secondary Meaning of Names of Business Houses see §§ 82 to 86; 110 to 117.

but create confusion. In such a case, only one concern bearing that name can exist in that line of business and not create unfair competition. Such generic or secondary meaning results from long association with goods of some one person bearing the name in question. When that occurs, other persons who rightfully bear that name can be enjoined from using it as a trade name on similar goods. "Where other persons bearing the same surname have previously used the name in connection with their goods, in such manner and for such length of time as to make it a guaranty that the goods bearing the name emanate from them, they will be protected against the use of that name, even by a person bearing the same name, in such form as to constitute a false representation of the origin of the goods."²⁸ It is quite possible that a trade may be so constituted that some one of its products will become eventually completely identified with one house or one person or one place. This person may have founded the business and developed the product, yet, in opposition to the rights arising out of such a condition, stands the other right of every other person bearing that same name to use it as he will. The English Court of Appeals said in 1902, that "there never has been a case in which an order has been made restraining a man altogether from carrying on in his own name a particular trade. Every decision that has as yet been given has been limited to restraining him from carrying on such trade, so identified with the plaintiff's business, without taking the steps, which any honest man ought to wish to take, to prevent his goods being confounded with the plaintiff's goods, whose goods are so much identified with the particular trade."²⁹ This statement of the English court is probably true. There are few if any cases of authority which absolutely prohibit a man from using his own name, although a person has been definitely prohibited from using an adopted name.³⁰

²⁸ *Landreth v. Landreth*, 22 Fed. 41-1884 (C. C. Wis.); followed in *Garrett v. T. H. Garrett & Co.*, 78 Fed. 472-1896; 24 C. C. A. 173.

²⁹ *Cash v. Cash*, 19 R. P. C. 181-1902; 86 L. T. 211.

³⁰ *Pinet et cie v. Maison Louis Pinet, Ltd.*, 15 R. P. C. 65-1897.

In 1907, the United States Circuit Court, in *J. F. Rowley Co. v. Rowley*,³¹ prohibited E. H. Rowley from using name Rowley in any way in the sale of artificial limbs, saying: "As an abstract right, every person has the right to the use of his own name; but when the use of such name is but a cloak to cover an intended fraud upon the right of another, the wrongdoer has himself and not the law to blame for placing a limitation upon the right of the use thereof" (citing cases). And further,

"In view of the facts of this case, and particularly of the conduct of his respondent, we are very clear that nothing short of a total prohibition of the name Rowley in connection with the manufacture and sale of artificial limbs will grant to the complainant that complete protection and preservation of its property in its trade name and good-will to which it is entitled under the law" (id. p. 746).

This decision has been overruled, and on appeal it was held that the defendant could not be enjoined, entirely, from using his own name, but he was directed to accompany his use of the name by proper explanations.^{31a}

A person has been forbidden to use his surname in a particular business, where he has sold that right to the plaintiff and his use of it in that business after the sale was causing confusion. This was done in the case of *Ball v. Best*.³² Ball owned Best & Co., of New York, "Liliputian Bazaar," a house selling children's clothing. Defendant having formerly been with Best & Co., of New York, as had his brother, left

³¹ *J. F. Rowley Co. v. Rowley*, 154 Fed. 744-1907 (C. C. Pa.). Complainant, The J. F. Rowley Co., had for many years made artificial legs in Chicago, which had a high reputation and were known as "Rowley" legs. Respondent, E. H. Rowley, a brother of the president of complainant, had been employed by it for some time at Chicago, and was sent as its agent to Pittsburg. Respondent's agency was shortly terminated, whereupon he set up in same busi-

ness for himself. His business sign, under his own name, contained in large letters, the words "Rowley Artificial Limbs." He not only described his goods as "Rowley Limbs," but made false or misleading representations, and used fraudulent devices to divert trade to himself. *Held*, that he should be enjoined from using the word "Rowley" in any way in the sale of artificial limbs.

^{31a} 161 Fed. 94.

³² 135 Fed. 434-1905 (C. C. Ill.).

them and bought S. & Co., of Chicago, and took the name of A. S. Best & Co., associating his brother with him, nominally. On his sign he put "Liliputian Outfitters" and "Formerly with Best Co., New York." "Formerly it would have been assumed, in the absence of most positive proof, that a party might carry on his own business under his own name in Chicago, notwithstanding the fact that parties had established business under the same name in New York, since there could be no presumption that the business interests of the two cities could be so intimate as to extend the good-will of such a business as that before the court all the way from New York to Chicago. It is not a light thing to restrain a man from the full benefit of his name, nor would a court of equity consider such a course in any case even now, in the absence of fraud or actual damage. It is apparent in this case that defendant shaped his business and presented the same to the public with the intention of getting the benefit of complainant's standing and business prestige. The only basis upon which a contrary conclusion could be arrived at would be positive evidence to the effect that the two fields of patronage did not conflict. But it is in evidence that complainant is a manufacturer and dealer, and that he does a large mail order business, as does also defendant. It hardly needs saying that the proficiency of the mails at this date is such that every nook and corner of the nation, as well as of Manitoba, is as accessible as were places fifty miles away from New York a few years ago. It cannot be otherwise than that the advertising and canvassing of these two rival concerns pass and repass each other innumerable times in their journeys to the centers of trade as well as to the homes of the people, mute contestants for the favor of supplying the wants of each customer. I am clear that under the facts in this case the court must hold that the use of the name, Best & Co., by defendant, even with its present prefix, especially in connection with the word 'Liliputian,' is a fraud upon complainant's business rights. The action of defendant was deliberate. He both intended to and did trespass upon complainant's rights, and took advantage of his good-will and trade. It is not important what definition is placed upon 'Liliputian.' The name of Best & Co., with the use of that

word, constituted complainant's good-will. That use was arbitrary, and stands for complainant's goods. The complainant is clearly entitled to the relief prayed for as to the use of the name 'Best & Co.,' with and without prefixes, but only in the line of his business" (id. p. 436).

The Cash case³³ is a typical case of this character. The plaintiff and defendant had absolute right to the name Cash as their family name. They were in business in the same town; they manufactured the same articles, viz., woven names and frillings. The problem in the case was whether it was possible for Joseph Cash, the defendant, to have a shop in Coventry and there sell these articles and not have them known (as the plaintiff's goods had been known for some years) as "Cash's frillings," and "Cash's woven names," and cause unfair loss of trade to the plaintiff. The lower court forbade the defendant to sell these goods under the name of Cash, but the Court of Appeal modified this decision and its injunction was as follows: "This court doth order that the defendant, Joseph Cash, be restrained from selling any frillings or woven names or initials, not manufactured by the plaintiffs, as 'Cash's Frillings' or 'Cash's Woven Names or Initials' and from carrying on the business of a manufacturer or seller of frillings, or woven names or initials, under the name of 'Joseph Cash & Co.,' while not in partnership with any other person, or from carrying on any such business either in the name of 'Cash,' or under any style in which the name 'Cash' appears, without taking reasonable precautions to clearly distinguish the business carried on, and the frillings and woven names and initials manufactured or sold by the defendant from the business carried on, and the frillings and woven names manufactured by the plaintiff, and from carrying on any such business under any name or in any manner so as to mislead or deceive the public into the belief that the business of the defendant, or the frillings or woven names or initials manufactured or sold by him are the business of, or the goods manufactured by plaintiff, or that the defendant is carrying on the business formerly carried on at Coventry by Messrs.

³³ *Cash v. Cash*, 19 R. P. C. 181-1902.

J. & J. Cash, the vendors, predecessors in business of the plaintiffs.”

The defendant was prohibited also from making over his business to a corporation with a name likely to mislead, or from soliciting any of Cash's former customers in any way.

Lindley, L. J., in *Jamieson v. Jamieson*,³⁴ states that: “The court ought not to restrain a man from carrying on business in his own name simply because there are other people who are doing the same and who will be injured by what he is doing. It would be intolerable if the court were to interfere, and to prevent people from carrying on business in their own name in rivalry to others of the same name. There must be something far more than that, viz., that the person who is carrying on the business in his own name is doing it in such a way as to pass off his goods as the goods of somebody else. We must not lose sight for a moment of the real question which we have to try — the question of fact” (id. p. 181), whether he is passing off, or conducting his trade in such a way as to pass off his goods as the goods of somebody else.

The same judge said substantially the same thing, though in different language, with reference to different circumstances in *Powell v. Birmingham Vinegar Brewery Company*.³⁵ “Again, if a person uses words which simply describe the kind of goods he makes or sells — e. g., leather boots — it would be intolerable to confer upon him the right to prevent other persons from honestly using the same words to describe what they make or sell. Although, however, a person by using his own name, or a merely descriptive word, to denote a particular article, cannot prevent other *bona fide* traders of the same name from using it, or prevent other *bona fide* traders making or selling the same sort of goods from using the same descriptive words, yet, even in such a case, if the descriptive name is proved to mean the goods of the plaintiff, and if deception is also proved, a person may be restrained from using such name or word without taking such steps as will render mistakes unlikely to occur.”³⁶

³⁴ 15 R. P. C. 169-81-1897.

³⁵ *Fine Cotton Spinners and*

³⁶ (1896) 2 Ch. 54-69; s. c. on appeal, (1897) L. R. App. Cas. 710.

Doublers Assn. Ltd. v. Harwood Cash & Co. Ltd., 2 Ch. 184-1907.

§ 70. **Surnames which by Usage Become Abstract Names of Objects.**— Sometimes family names acquire not only a secondary meaning, but become the primary name of an article which anyone may use. But even then, no one may pass his goods off as those of the original maker of the article by the use of the name. "Where the name is one which has previously thereto come to indicate the source of manufacture of particular devices, the use of such name by another, unaccompanied with any precaution or indication, in itself amounts to an artifice calculated to produce the deception alluded to in the foregoing adjudication."³⁷ Names so used may not be appropriated by any one person any more than one is allowed to appropriate to himself the name "Wine Company," or "Cotton Company." They become necessary to all as the only words to name as article of general use; they are general terms. Such a name is "Goodyear Rubber," viz., rubber manufactured or treated by Goodyear's particular process; or "Liebig's" Meat Extract, or "Hostetter's" Bitters.³⁸

Plaintiffs made yarns long associated by the public with the word "Cash," originally a family name, the goods being generally described as "Cash" goods. John Harwood Cash, formerly employed by plaintiffs, formed the defendant company in order to carry on a competing business. *Held*, that the use of the name "Cash" as part of the defendant's corporate title would be enjoined.

³⁷ *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169-1895; 41 L. ed. 118; 16 Sup. Ct. 1002, quoted in *International Silver Co. v. Rogers*, 67 Atl. 105-1907.

³⁸ *Goodyear India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U. S. 598-1888; 32 L. ed. 538; 9 Sup. Ct. 166. Plaintiff was organized in New York, Nov., 1872; prior to that time defendant existed under laws of Connecticut. For many years defendant had used and was known

to trade as "Goodyear's Rubber Manufacturing Co." or "Goodyear Rubber Co." or "The Goodyear's Company." *Held*, "The name 'Goodyear Rubber Company' is not one capable of exclusive appropriation. 'Goodyear Rubber' are terms descriptive of well-known classes of goods produced by the process known as Goodyear's invention. Names which are thus descriptive of class and of goods cannot be exclusively appropriated by anyone. The addition of the word 'Company' only indicates that parties have formed an association or partnership to deal in such goods. Thus parties * * * might style themselves Wine Company, Cotton Company or Grain Company. All persons have a right to deal in such articles and to publish the fact to the world." *Liebig Extract of Meat Co., Ltd. v. Walker*, 115 Fed. 822-1902. Complainant

A person may be enjoined from using his own name in the naming of a new business, where there already exists a concern in that line of business of which his name is a part. To allow this would be to so allow the use of a name as to create confusion, although no bad faith or actual deception is shown. This is especially true where the name of the older concern has acquired a secondary meaning as connected with that concern or its goods.³⁹

made and sold extract of meat, put up in two-ounce jars, with a wrapper and neck label, and capped with a metallic capsule. The label bore the words "Liebig's Extract of Meat," the name of complainant as maker, and the *facsimile* signature "J. V. Liebig" in blue script, running diagonally across the printed matter. Defendant offered an extract of meat put up in jars of the same shape and size, with neck label and wrapper of substantially the same appearance, printed in the same colors and bearing the words "Liebig's Extract of Beef" and the names "Liebig Fluid Beef Co." and "Liebig Beef Co.," both of which were fictitious. Diagonally across the wrapper was the *facsimile* signature "J. T. Walker" in blue script, resembling in appearance the signature on complainant's wrappers, and other portions of the reading matter were similar. *Held*, that while defendant was at liberty to use the word "Liebig," prefixed to the words "Extract of Meat," as "Liebig" had become a generic designation of the article, yet defendant was guilty of unfair competition in the dress of his goods, and in using the name "Liebig's Fluid Beef Co." *Liebig's Extract of Meat Co. Ltd. v. Libby, McNeill & Libby*, 103 Fed. 87-1900 (C. C. N. D. Ill.). Complainant had

for many years sold this product extensively in the United States, when defendant entered the market with a similar extract distinctively dressed, but subsequently sent out its goods in a package very similar to complainants' in color and general appearance, and used on the package, as the name of the maker, the fictitious title of "Liebig Fluid Beef Co." *Held*, unfair competition. *Hostetter v. Fries*, 17 Fed. 620-1883 (C. C. S. D. N. Y.). Complainants manufactured "Dr. J. Hostetter's Stomach Bitters" but the process was not patented. *Held*, that since it was open to anyone to manufacture such bitters, and since the only name by which the article was known was "Hostetter's Bitters," defendants were entitled to make and sell similar bitters (or an essence from which they might be prepared) and to call them "Hostetter's Bitters" so long as there was no simulation in bottles, labels or devices; also that defendants were not liable for the unlawful acts of retailers merely because they supplied them with some of the means employed by them (the retailers).

"*Dunlop Pneumatic Tire Co. Ltd. v. Dunlop Motor Co. Ltd.*, 22 R. P. C. 533-1905 (Ct. Sessions Scotland). Complainers from 1888 used the name "Dunlop" in connection with their goods such as tires and

§ 71. Priority in Use, Not Resulting in Secondary Meaning.

— The right to the use of a family name seems to be more of a question of priority than of the wideness of the reputation it achieves. The fact that one's name is widely known does not give him a basis for claiming protection against its use by another of the same name; but it seems to be a question as to which one of them first put out goods bearing the name — who it is that the world first knew by that name in connection with the particular business in question. A manufacturer cannot, by extensively advertising his name in connection with his goods, acquire a right to prevent another with the same surname from selling similar goods under that surname, when such other person has for many years manufactured such goods and put his full name on his labels.⁴⁰

“While all intendments are made in favor of a person formerly in the trade when he sets up a new firm, the presumptions are against a stranger to a business when he sets up a rival establishment.”⁴¹ There is also a presumption that the use of one's own name is an honest one; but it may be rebutted by showing a prior fraudulent use of the name.⁴² And where there has been such prior use, the burden is on the defendant to show that the use of his name which is questioned is not, in effect, a continuation of such prior use. The Illinois court has enjoined a nephew from using the family name which both he and his uncle bore, in the same business as that of his

various accessories for cycle and motor cars, and this name had become identified with their goods in the mind of the trade and the public. Defendant was incorporated to take over the motor branch of the business of a retail firm composed of Robert and John F. Dunlop, and known as R. & J. F. Dunlop, which had from 1898 sold and repaired cycles and motor cars, but carried on substantially the same business as the firm of R. & J. F. Dunlop. *Held*, that the name “Dunlop” had acquired a secondary meaning as de-

noting the complainers' goods, that defendant's name as a trade name was calculated to create confusion, and that while neither bad faith nor actual deception were shown, defendant should be interdicted from carrying on business under its corporate name above mentioned.

⁴⁰ *American Cereal Co. v. Eli Petti-john Cereal Co.*, 72 Fed. 903-1896 (C. C. Ill.), affirmed 76 Fed. 372.

⁴¹ *Wm. Rogers Mfg. Co. v. Rogers Mfg. Co.*, 16 Phila. 178-80-1883.

⁴² *International Silver Co. v. Rogers*, 67 Atl. 105-1907.

uncle, where the nephew opened a store near the uncle's with similar show windows, and goods packed in similar boxes and bearing similar labels.⁴³

Again where Hires had built up a prosperous business, the court enjoined another person of same name from entering the same business under the name of Hires.⁴⁴ See §§ 76 and 103.

"Rubel v. Allegretti Chocolate Cream Co., 76 Ill. App. 581-1898. Complainant, the Allegretti Chocolate Cream Co., was the successor of Ignazio Allegretti, who had long made and sold confections widely and favorably known as "Allegretti" Chocolate Cream. He and his two sons were the only persons interested in the complainant corporation. Defendant Giacomo Allegretti was a nephew of Ignazio and had for several years been in his or complainants' employ, and formed a partnership for the making of chocolate creams with B. F. Rubel and I. A. Rubel, hardware merchants, under the firm name "Allegretti & Co." The firm then opened a store not far from complainants' with very similarly arrayed show-windows, and the goods resembled complainants' in appearance, and were put up in similar boxes with similar labels. *Held*, that defendants were properly enjoined from using the name "Allegretti" or "Allegretti & Co."

"Charles E. Hires Co. v. George A. Hires, 182 Pa. St. 346-1897; 37 Atl. 1117. Plaintiff put on the market Hires Root beer and it became well known; defendant later entered same business under his own name. "But for the fortuitous identity of family name it is clear that the respondents would not have embarked in this proposed commer-

cial venture and the evidence shows their studied purpose was to keep as close to the appearances and name of the plaintiff's article as possible and preserve similarity while yet presenting minor differences" (p. 347). Injunction awarded. *Van Stan's Stratena Co. Ltd. v. Van Stan, 209 Pa. St. 564-1904; 58 Atl. 1064.* Defendant's father assigned to plaintiff's assignor right to make a ware which he had invented and to use his name. Defendant, who was a son of the inventor, after being in employ of plaintiff, withdrew and sold the ware under his own name, simulating plaintiff's label, etc. *Held*, defendant had not the right to use his own name as a trade-mark of the goods sold by him. "But assuming he had a technical right to use his own name, he clearly had no right to use it to deceive the public, for such a use would be a fraud upon the clear right of the purchasers of the trade-mark. That he intended to and did deceive * * * is manifest from the evidence" (p. 569). Citing *Russian Cement Co. v. LePage, 147 Mass. 206-1888; 17 N. E. 304; Fish Bros. Wagon Co. v. La Belle Wagon Works, 82 Wis. 546-1892; 52 N. W. 595; 16 L. R. A. 453; Stonebraker v. Stonebraker, 33 Md. 252-1870; Holmes et al. v. Holmes Mfg. Co., 37 Conn. 278-1870. Pillsbury v. Pillsbury-Washburn Flour Mills Co., 64 Fed.*

§ 72. **Surnames Used as Abbreviations.**—A family name often used in an abbreviated form,—“Wannamaker’s,” “Hires’,” Huyler’s,” “Cameron’s;” and being the particular “Huyler’s” whose store the people have in mind, when they speak of “Huyler’s,” is a most valuable asset. When any particular concern has reached such a place in the regard of the public as to be known generally in that familiar way, that concern has a right to protection against a rival which advertises itself simply by use of the family name without qualification.⁴³ The use of the same proper name in con-

841-1894 (C. C. A. 7th Cir.). Complainant-appellee was the successor in business of Chas. A. Pillsbury & Co. and had long been known as a manufacturer of flour, which was of a superior grade, and was made by a patent process. They had long applied to their packages a brand the principal part of which was inclosed in a circle, and read; “Pillsbury’s Best X X X X Minneapolis, Minn.” Defendant appellant, L. F. Pillsbury, was a dealer in flour in a small town in Illinois; in 1893 he began to put up and sell flour, which he bought of various millers, in packages bearing a brand closely resembling complainant’s in appearance and in the colors of the letters, the principal part of which, inclosed in a circle, read: L. F. Pillsbury’ XXXXXXXX, Best Patent, Minnesota.” Held, that this mark was a colorable imitation of complainants’, intended to mislead the public as to the origin of the goods, and that it did not avail defendant that he was accustomed to explain to dealers that he was not selling complainant’s flour, but other flour of equal or superior grade.

* *Church v. Kresner*, 26 App. Div. (N. Y.) 349-1898; 49 N. Y. Supp.

742. In 1892, plaintiff entered the retail clothing business, in Brooklyn, as “Cameron’s.” At that time there was no other establishment in Brooklyn using that name nor had one of that name been known there before. In 1894, defendant opened a store near the plaintiff’s and began, through his agents and employees, to create the impression that his store was “Cameron’s,” by use of various devices all of which injured the plaintiff. In 1895, defendant openly proclaimed by signs and other devices his place as “Cameron’s.” Plaintiff alleged that such adoption of the name “Cameron’s” as a business name or trade sign and defendant’s conduct of the business was for the purpose of deceiving the public into believing that defendant’s place of business was in reality that of the plaintiffs. On the authority of *Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462-1895; *Lee v. Haley*, L. R. 5 Ch. App. 155-1869; *Devlin v. Devlin*, 69 N. Y. 212-1877; *Caswell v. Hazard*, 121 N. Y. 484-1890; 24 N. E. 707, the court held (p. 353): “If the defendant had been desirous of building up a reputation for himself, if he had not found the name of “Cameron’s” to have a value to which

junction with separate descriptive words which accurately describe the character of the article to which they are applied will not be enjoined. For instance, in *Brown Chemical Co. v. Meyer*,⁴⁸ plaintiff made "Brown's Iron Bitters;" and later defendant began to make "Brown's Iron Tonic," and put the tonic up in containers of different size, color, and appearance and with different labels from that used by plaintiff. Injunction was refused by the United States Supreme Court, which said that the words "Iron Bitters" are descriptive of the article sold. Every man has a right to his own surname for a legitimate purpose, provided he has not assigned or parted with this right to the use of it, the distinction between lawful

he had contributed no part and to which he had no right of enjoyment, can we conceive of a reason why he should, after a business experience of some months, take to himself a name which had already been adopted by another in the same kind of business and in his own immediate locality? There can be but one answer to this question." *E. H. Taylor, Jr. & Sons Co. v. Taylor*, (Ky.) 85 S. W. 1085-1905. Plaintiff and its predecessors had long distilled and sold a pure whiskey which had become well known as "Old Taylor" whiskey. Defendant was not a distiller, but a rectifier, and began putting upon the market a blended whiskey at a lower price as "Fine Old Kentucky Taylor" whiskey, advertising it as pure whiskey, and describing the sellers as distillers. His bottles did not resemble plaintiff's nor could his labels be said to resemble plaintiff's, except in the use of the words above mentioned. *Held* that, while there was no infringement of trade-mark, there was fraudulent simulation tending to mislead those not familiar with the whiskey trade. *Morton v. Morton*, 148 Cal. 142-1905; 82 Pac. 664; 1

L. R. A. N. S. 660n. Plaintiffs, Wm. R. Morton and others, were expressmen using as a business name "Morton's Special Delivery." They employed many agents, who wore upon their hats a badge bearing conspicuously the name "Morton" and this badge became familiar to the public as designating plaintiff's agents. Defendant, John Morton, opened a similar business, under the name of "Morton's Transfer Company" and his agents used a badge similar in size, color, and appearance to that of plaintiff's, bearing the word "Morton's" in letters precisely resembling those on plaintiff's badge. *Held*, that defendant should be enjoined from using a badge with the word "Morton's." *Barber v. Manico*, 10 R. P. C. 93-1893. Defendant enjoined from selling in Ireland knives marked "Edward Barber" where plaintiff's knives were known in Ireland as "Barber's knives" and were stamped "Era James Barber, Sheffield," this being a trade-mark of plaintiff's.

"139 U. S. 540-1890; 35 L. ed. 247; 11 Sup. Ct. 625.

and unlawful use of one's own name being illustrated by *Croft v. Day*⁴⁷ and by *Holloway v. Holloway*.⁴⁸

It will be seen by the foregoing cases that there is a marked difference between the use of a complete name, first name, middle name, if any, and surname, and the use of the surname alone. The likelihood of confusion is much increased in the latter use. And there is little doubt but such use of a name will be enjoined, while the injunction will often be refused where a person uses his full name. See *Charles E. Hires v. George A. Hires*.⁴⁹

§ 73. Names Made Up of Surnames with Other Words or Symbols.—The mere addition of qualifying words such as "Famous," "Genuine," "Original," etc., will not take a name which otherwise would be similar to the name already in use, out of the rules of unfair competition.⁵⁰

§ 74. Surnames Acquired Otherwise than by Descent.—A person who bears the same family name as some one who is running a business under the common surname will not be allowed to sell or transfer the right to use the name to a third person who has no interest in it, when the vendor has never

⁴⁷ 7 Beav. 84-1843.

⁴⁸ 13 Beav. 209-1850.

⁴⁹ 182 Pa. St. 346-1897; 37 Atl. 1117.

⁵⁰ *Drake Medicine Co. v. Glessner*, 68 Ohio St. 337-1893; 67 N. E. 722; 62 L. R. A. 941. "The plaintiff's alleged trade-mark identified * * * a 'Croup remedy' which originated with one Dr. August Drake, a German physician who formerly resided in the State of Iowa, and from whom the plaintiff obtained the formula. In a sense, therefore, the plaintiff's trade-mark indicates the origin, and is a guarantee of the character and quality of the remedy which was sold with that trade-mark for ten years before the defendant, Warren W. Drake, who resided during all of that time in the same town in which the

plaintiff conducted his business, came into the market with his competitive product. Warren W. Drake had the right to make and sell a croup remedy different from the plaintiff's compound using his own name; but under the circumstances found by court below he could only do so in such an honest and legitimate manner that the public would not be deceived nor his competitor defrauded. For the reasons stated and upon the facts specially found by the circuit court, which are conclusive here, we are satisfied that the plaintiff has such an interest in the words 'Dr. Drake German Croup Remedy' as a trade-mark that the use of the words 'Dr. Drake's Famous German Croup Remedy' by the defendants is an infringement thereof" (p. 357).

carried on the business in which the third person is engaged. The English Chancery Division has held that a person cannot, at will, confer the right on others to use his surname. Nor can he hire himself to another and stipulate that the other shall carry on the business in the employee's name, when such a transaction would cause confusion with the business of another.⁵¹

"*Tussaud v. Tussaud*, 44 Ch. Div. 678-1890. Plaintiff carried on a wax works exhibition, which had been founded in 1802 by Madame Tussaud. The wax works were often spoken of as "Tussaud's." The father of the defendant, Louis Joseph Kenny Tussaud, formerly ran the exhibition for the plaintiff. In 1890 he opened a wax works under the name of "Louis Tussaud, Limited." Circulars stated that he had no connection with the plaintiff. At the time of the suit the defendant had not carried on any exhibition on his own account or modelled any figures for his own use. Stirling, J., held that the word "Tussaud" was well known and of high reputation in connection with wax works, and visitors who had heard of the plaintiff company's exhibition would likely be misled into going to see the other company's exhibition. The question was whether or not, granting that the defendant company should be restrained, the defendant, himself bearing the name "Tussaud," should be restrained also. "I conceive it to be clear that the defendant could not, either for valuable consideration or otherwise, confer on another person the right to the use of the name of 'Tussaud' in connection with the business which the defendant had never carried on, and in which the defendant had no interest whatever. Then comes the question,

can he confer that right on a person or a company toward whom he stands simply in the position of a paid servant? He could no doubt confer the right of saying that the business is under his management, but could he go to the same private individual and say to him, 'I will become your servant as manager and modeller for several years, and you shall carry on the business (which is not to be mine, but yours) under my name?' I think not. Would it make any difference that, instead of going to a private individual, he invited the public to become proprietors of a business upon the like terms? On that question there is, I do not say decision, but some authority" (p. 688). *Stonebraker v. Stonebraker*, 33 Md. 252-1870. The complainant, Henry Stonebraker, had long manufactured various medicines and preparations that were widely known as "Stonebraker's" medicines and preparations. Defendants subsequently employed Abraham S. Stonebraker, a doctor, and the brother of the complainant, in the manufacture of similar preparations which closely resembled those of complainant, and were sold as "Dr. Stonebraker's" medicines and preparations. Wrappers and general get-up were imitated in various ways, and circumstances clearly indicated fraudulent intention. Abraham S. Stonebraker

To transfer to a third person the right to use one's surname when one knows there already exist business names containing that surname, which will be injured by use of his name in the same line of business, is fraud if the vendor knew of the use to be made of the name at the time of the sale.⁵²

§ 75. Voluntary Change of Personal Name.—By complying with the statutory regulations which exist in most states, a person may change his name. If he does this and then uses it in a way to injure the business of another who bears the name the first-mentioned person has adopted, an injunction will lie restraining the use of the adopted name.⁵³

had, for a short time only, some years before, manufactured some drugs and remedies to which he applied his name. *Held*, that defendants were not entitled so to use the name; injunction granted.

Ernest M. Burrow v. Theodore Marceau, 124 A. D. (N. Y.) 665-1908; 109 N. Y. Supp. 105. Napoleon Sarony was a successful New York photographer prior to November 9, 1896, when he died. October 7, 1898, Otto Sarony, his executor, sold to plaintiff's assignor Sarony's business with the trade-mark "Sarony" and the good-will of the business. Later this executor agreed with Marceau to use his, Otto Sarony's name, or any part of it. Marceau then organized the Otto Sarony Co., photographers—a New York corporation in which Otto Sarony owned one share of stock—the consideration for his giving the concern the right to use his name. *Held*, "The object of this transaction is perfectly apparent. It was not an attempt of a man to transact business in his own name or to transfer to another the good-will of an established business. Otto Sarony did not intend to go into business using his

own name. * * * The only object he (Marceau) could have was thus to secure some of the business of the plaintiff. 'Sarony' meant nothing except so far as it represented the reputation or skill and artistic merit of the business transacted under that name. It was a fraud if the defendant represented that this company was either the successor of the business and methods established by Napoleon Sarony, or that any member of the Sarony family had any connection with it. It was a fraud upon the plaintiff, in that by the use of the name 'Sarony,' it indicated that the Sarony who had established the business known to the public as Sarony's photographic establishment was connected with it, and it was a fraud for Otto Sarony to make such an agreement with the defendant Marceau when he had transferred the right to use the name of Sarony with the business established by Napoleon Sarony and had received consideration therefor." See also chapter on Good-Will, for further discussion of this question.

England v. N. Y. Publishing Co., 8 Daly (N. Y.) 375-1878. Henry Carter came from England to the

Arbitrary adoption of a family name as a business name is not allowable when one does not bear that name and another is using the name in business. The court will presume that such an act is done with fraudulent intent. It is unfair for a dealer to use the name of his manager as a trade name for his business or goods when that name is the name under which a competitor carries on business. The fact that it is the manager's name will not excuse such an act.⁵⁴

§ 76. Rights Acquired by Him who First Uses a Surname in Business.—The first appropriator of his surname as a trade name may adopt the name alone, without any accompanying word or symbol by way of prefix or suffix; and if he does, manufacturers of like goods having the same name may not use it upon their goods, unless they accompany it by such distinguishing devices by way of prefix or suffix, that a buyer, who takes note of both name and other marks, will not be deceived. If consumers who notice nothing but the name

United States, took for his name Frank Leslie, but did not do so legally, and published various periodicals known as "Frank Leslie's" and widely circulated. He had caused his son to take the same name of Frank Leslie, and he was christened and married under that name. Subsequently, influenced by threats and misrepresentations on the part of his father, he assumed the name Henry Leslie, although still known as Frank to his wife and various friends. Afterward he resumed the name of Frank, and the defendant, of which he was one of the incorporators, began to publish a weekly journal entitled "Frank Leslie, Jr.'s Sporting & Dramatic Times." Neither of his father's publications dealt especially with sporting or dramatic matters. Held no infringement. *F. Pinet et Cie. v. Maison Louis Pinet, Ltd.*, 15 R. P. C. 65-1897; see also s. c. 14 R. P. C. 933-1897. Plaintiffs had a well-established business in boots and

shoes, and their goods were known as "Pinet" boots and shoes. The founder of the defendant company had repeatedly changed his name, and finally adopted the name Pinet, and the company formed by him began dealing in boots and shoes, which they advertised as "Pinet's Special Boots and Shoes," though their prospectus set forth that they had no connection with F. Pinet et Cie., of Paris. Defendants were enjoined from using the name "Pinet" in any way in their business.

"*Falk v. American West Indies Co.*, 71 App. Div. (N. Y.) 320-1902; 75 N. Y. Supp. 964. Plaintiff used for twenty years "El Falcon" as the name of a cigar; defendant adopted name "El Falco." Fact that defendant's manager was named G. Lopez y Falco, when he did not swear he was known by that full name, will not permit use of word by defendant.

are deceived and there is loss to either in consequence, it must be borne as the result of the act of taking a family name as a trade name; but if the first appropriator affixes distinguishing figures or words or symbols to his name, the second may not use his name in connection with the same marks, figures, symbols or words, nor with such marks as so resemble those of the first that the similarity and association will probably mislead. This rule does not apply where the defendant, a corporation, chooses its own name and it appears that the name was selected with an intention to defraud. There the corporation is entitled to little consideration, for there is no reason for incorporators to choose a name likely to confuse, while there is reason for an individual wishing to trade under his own name.⁵⁵ See § 71.

⁵⁵ *Landreth v. Landreth*, 22 Fed. 41-1884 (C. C. E. D. Wis.). Complainants, from 1873, sold peas in bags marked in blue ink, "Guaranteed to Contain Landreth's Extra Early Peas, Provided the Seal is Unbroken," with the quantity "1-4 Bus.", and the year. These goods under this label became well known to the trade and the public. In 1883, defendant began selling peas in bags bearing in blue ink, the inscription: "This Bag Contains Landreth's Extra Early Peas. Provided the Seal is Unbroken" with the quantity "1-4 Bus." and the year. *Held*, that although defendant was entitled to use his own name and perhaps the phrase "Landreth's Early Peas" he was bound to differentiate his label clearly, in arrangement of words and general appearance from complainant's. Preliminary injunction granted. *Clark Thread Co. v. Armitage*, 67 Fed. 896-1895 (C. C. S. D. N. Y.), affirmed and modified 74 Fed. 896. Complainant was a New Jersey corporation created in 1865. Defendant was man-

ager of "William Clark Thread Company," which was organized in New Jersey in 1891, and sold cotton thread as "Clark's N-E-W Spool Cotton." Complainant alleged defendant was putting up thread in a way to lead purchasers to believe that they were buying a new brand of the complainant's thread. Defendant changed his name to "The William Clark Company." "The chief incorporator was William Clark. He was at liberty to avail himself of whatever reputation he had gained as a thread maker while in the employ of the complainant, but it was unlawful for him so to act that the public was deceived as to the true condition of affairs." The use of his name to name a corporation was "of doubtful propriety but for complainant's consent" (*id.* p. 901). The court was of the opinion "Clark's" had acquired a secondary meaning relating to thread and granted injunction against use of "Clark" or "Clark's." *Valentine Meat Juice Co. v. The Valentine Extract Co., Ltd.*, 83 L. T. N. S. 259-1900, 17 R. P. C. 673. The

§ 77. Family Names as Corporate Names.— Family names are often used in naming corporations, and when the same family name is used in two corporations confusion and injury usually result. Sometimes this is the result of intent, sometimes of accident, but more and more frequently the courts are finding some means of preventing the use of these corporate names in such manner as to cause fraud and deception. A discussion of decisions of this character will be found in the chapter on Corporate Names.

§ 78. Rights of Descendants to the Family Name as Used in Business by an Ancestor.— The general principle is that confusion of the public and use of signs and advertisements calculated to make the public think one concern is another or its successor, is no sufficient reason for taking from sons "the right to continue the business to which they were bred and to use their own name in doing so."⁵⁸ So strong is

plaintiffs were incorporated in Virginia in 1871. Their product had been sold under some name of which the name "Valentine" formed a part. Until 1898 no other preparation connected with the name of Valentine was on the market. The defendant was incorporated in London, 1897. It was promoted by Charles R. Valentine. Its product was first sold as "Valentine's Valtine Meat Globules," the word Valtine being a shortening of word Valentine. Complainants alleged that defendants used the word "Valentine" in such a way as to deceive the public into the belief that the goods sold by the defendants were manufactured by the plaintiff. Injunction granted against the use of both "Valentine" and "Valtine."

"*Donnell v. Herring-Hall-Marvin Safe Co.*, 208 U. S. 267-74-1908. *Duryea v. Manufacturing Co.*, 79 Fed. 651; 25 C. C. A. 139. One Duryea and his brothers were the controlling members of the Glen Cove

Manufacturing Company, which for a long time made and sold starch in packages having thereon, in prominent letters, "Duryea's Starch." A picture of the manufacturing buildings, together with the name of the corporation, also appeared on the packages, and the starch and the corporation became identified with the name. Thereafter the business was sold to another corporation, which continued the use of the words and pictures with its own name. Duryea, having subsequently withdrawn from the company, furnished capital to his sons, who thereafter procured other starch to be made for them, and sold it as starch "Prepared by Duryea & Co.," etc., without imitation of labels or packages. *Held*, that this was a proper use by Duryea and his sons of their own name, and could not be enjoined. See also *National Starch Mfg. Co. v. Duryea*, 101 Fed. 117-1900 (C. C. A. 2d Cir.).

this right that a nephew who bore his uncle's exact name could not object to its use by another nephew who did not bear the uncle's name and who had equal right to the name otherwise.⁵⁷ The individual who first used the name as a trade name may dispose of it as he does of other property — by will; and if he leave no will, it is dealt with by law as a part of his personal property. His descendants may inherit it. He may give it to one child to the exclusion of all the others or to someone entirely outside of the family, to the exclusion of all its members. In such cases it has been held that no one of the family can use the name to damage or injure the property of him who has acquired it.

A person may dispose of the right to use his name as a trade name in connection with a particular article, in such a way as to prevent his children from using the name in selling that article. The Supreme Court of the United States in *Donnell v. Herring-Hall-Marvin Safe Co.*,⁵⁸ has held that, where a father, Hall by name, did business under a corporate name of which the name Hall was part, and the corporation and the corporate name was sold, the vendee is entitled to an injunction against sons of said Hall, forbidding use of "any name, mark, or advertisement, indicating that the plaintiff (the son) is the successor of the original company, or that its goods are the product of that company or its successors, or interfering with the good-will brought from it"⁵⁹

⁵⁷ *Emerson v. Badger*, 101 Mass. 82.

⁵⁸ 208 U. S. 267-74-1908.

⁵⁹ Citing *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118-1904; 49 L. ed. 972; 25 Sup. Ct. 609; *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169-1895; 41 L. ed. 118; 16 Sup. Ct. 1002. *Donnell v. Herring-Hall-Marvin Safe Co.*, 208 U. S. 267-1908 (Holmes, J.). The Herring-Hall-Marvin Safe Company was formed in 1892 to take over an old business, founded by Joseph L. Hall, of making safes, which had become well known as "Hall's Safes," the business being transferred by a

corporation controlled by the Hall family. The selling corporation was dissolved, and Edward C. Hall became the president, and another son of the founder treasurer of the new company, under contracts by which their services were secured for a certain period. Upon the termination of these contracts the two sons organized an Ohio corporation to engage in a competing business of making safes. Donnell was the president of an Illinois corporation, the Hall Safe & Lock Company, which, although Donnell had been the selling agent of the Herring-Hall-Marvin

In the case of *Herring-Hall-Marvin Safe Co. v. Hall's Safe Co.*,⁶⁰ a contract of sale specified that along with the plant, patterns, stock of safes, accounts, papers, etc., it was intended to convey all "trade-marks, patent rights, trade rights, goodwill, and all its property and assets of every name and nature," and agrees that the business "is taken over in all respects as a going concern." The question was as to the rights of sons of the original Hall, who founded the Hall business and the reputation enjoyed by "Hall's Safes." Held, that the "Hall's Safe & Lock Co.," a corporation founded by Hall (the stock of which belonged to his children and estate), achieved what reputation the name Hall enjoyed. The goodwill belonged to that company. The sons, by this transfer, did not lose the right to use the name Hall in the safe business, if used with proper explanations *accompanying* their every use of it. An absolute prohibition against using the name Hall, it was held, would carry trade-marks too far. Therefore, the rights of the two parties have been reconciled by allowing the use, provided that an explanation is attached. The sons might have left the old company and set up for themselves. "They might have competed with it (the old company); they might have called attention to the fact that they were the sons of the man who started the business; they might have claimed their due share, if any, of the merit in making Hall's Safes what they were,"⁶¹ but they would have been at the disadvantage that some names and phrases, otherwise truthful and natural

Company, now began at the same place and with the old sign, "Hall's Safes," to sell the safes made by the competing Ohio company organized by the two sons. *Held*, that these sons and the company formed by them had the right to use the name "Hall" in connection with their business and in describing their safes, subject to the duty not to mislead the public by the form of any name, sign, mark, or advertisement, into supposing them to be successors to the old business, or their safes to be

made by the Herring-Hall-Marvin Company. It does not appear very specifically just what use of the name the court would have deemed admissible. The decree below had enjoined the marking or advertising of safes, or the carrying on of business, with or under any name of which the word "Hall" was a part. This decree was reversed.

⁶⁰ 208 U. S. 554-1908.

⁶¹ *White v. Trowbridge*, 216 Pa. St. 11; 64 Atl. 862.

to use, would convey to the public the notion that they were continuing the business done by the company or that they were in some privity with the established manufacture of safes which the public already knew and liked. To convey such a notion would be fraud and would be stopped. Therefore, such names and phrases could be used only if so explained that they would not deceive " ⁶² (id. p. 559). It has been held that the

" *Hardy v. Cutter*, 3 U. S. Pat. Gaz. 468-1873 (as cited at 16 Phila. 182). Plaintiffs manufactured "Cutter's Whiskey," as successors, by purchase, of J. H. Cutter, and branded their barrels "J. H. Cutter — Old Bourbon." Defendant, a son of J. H. Cutter, also manufactured whiskey, marking it "J. F. Cutter, son of the late J. H. Cutter," etc. The marks resembled each other only in the use of the name "Cutter." *Held*, that defendant was entitled to use his own name in this way; injunction denied. *Van Stan's Stratena Co. Ltd. v. Van Stan*, 209 Pa. St. 564-1904; 58 Atl. 1064. Frederick Van Stan had invented a peculiar kind of cement which, for some time prior to 1876, he had manufactured and sold in England as "Van Stan's Stratena Co. Cement." In 1876 he transferred to one, who, in 1878, assigned to plaintiff the sole right to make and sell the cement in the United States, with the use of the name and trademark. In 1889 defendant, Victor F. Van Stan, a son of Frederick Van Stan, came to the United States, was employed for some years by plaintiff, and became familiar with the business and the customers. He left plaintiff's employ and, after an interval, returned to Philadelphia, where he began selling an article labeled "Victor F. Van Stan's Cementive" and sometimes advertised as "Van Stan's Improved Cement." His circulars,

labels, and wrappers were in various ways misleading. *Held*, that defendant was not entitled thus to use his own name in describing and advertising his cement. Citing *Russia Cement Co. v. LePage*, 147 Mass. 206; 17 N. E. 304, and other cases. *Robinson v. Storm*, 103 Tenn. 40-1899; 52 S. W. 880. In 1872 Dr. Mitchell prepared a cathartic formula which he put into the hands of Stever & Robinson, druggists, to perfect so as to make it palatable. Dr. Mitchell claimed no interest in the formula. He prescribed it, soon after he invented it, for Captain Storm, a citizen of wide influence, who recommended it so generally that it soon acquired a wide reputation. Stever & Robinson, with his consent, then put it up and sold it as "Storm's Liver Regulator," out of compliment to Captain Storm. In 1873 Robinson bought out Stever and became sole owner of the formula. Captain Storm died, and his child, the defendant, asked Dr. Mitchell to aid him to acquire the formula that he might sell the medicine. The doctor declined. He then obtained another formula, which he put on the market as "Storm's Liver Regulator." Both labels have the catch words "Storm's Liver Regulator;" the bottles are of same general shape, the neck of defendant's bottles being a little longer than those of plaintiff's. The recommendations on each

fact that there was no person by the name of Chickering connected with the concern making Chickering pianos in Boston, gave no right to other persons who bore the same name, to set up a piano business and hold themselves out as being the only Chickerings making pianos, thus giving the impression that they were the rightful heirs of and successors to the name.⁶³

Similarly, an injunction has been granted forbidding a son from selling goods under the family surname when the father was using the name in the same business. This was the decision in *Gouraud v. Trust*,⁶⁴ where the defendants were sons of the plaintiff and plaintiff had been long engaged in selling a cosmetic called "T. Felix Gouraud's Oriental Cream and

bottle are not exactly the same, but similar. The cartons vary in color, but not enough to place purchasers on guard. On both cartons and labels the word "Storm's" is very prominent. Complainant's carton had mortar and pestle, surrounded by black rim and words "Storm's," "Only the best," and "Prepared by Jas. S. Robinson, Apothecary, Memphis, Tenn." Defendant's carton had picture of Captain Storm and words "Storm's Liver Regulator," and "Prepared by eminent chemists for A. G. Storm," and "This is not the medicine put up by James S. Robinson," and in this the word "Robinson" is prominent. *Held*, it is sufficient that between the two labels there is a simulation "likely to deceive an incautious and ordinary purchaser." Decree forbade use of the words "Storm," "Captain Storm," and "Storm" in connection with words "Liver Regulator," and also the use of the description of how the medicine came into use, and Robinson's name on bottles, etc., and also forbade the use of Robinson's formula, etc.

⁶³ *Chickering v. Chickering & Sons*, 120 Fed. 69-1903 (C. C. A. 7th Cir.). Two men named Chickering set up business in Chicago for manufacture of pianos. Chickering & Sons were in same business in Boston and had been since death of last Chickering connected with said company some years before. Defendants advertised a sketch of Chickering family and their "famous piano," concluding with this statement: "By right of purchase this name will continue to be used on the Boston Piano, but by reason of their kinship and because of their long practical training under the 'Chickering System' the fact is properly advanced that 'the only piano made by a Chickering' is now made in Chicago by Chickering Brothers." The expression "The only piano made by a Chickering" was cast into their piano frames and inserted in their catalogues. *Held*, that injunction was properly granted restraining use of word Chickering on ground of unfair competition.

⁶⁴ 6 Thomps. & Cook (N. Y.) 133-1875.

Magical Beautifier." Defendants began to make a cosmetic they called "Creme Oriental by Dr. T. F. Gouraud's Sons."

If a widow continues a business belonging to the deceased husband, it seems she cannot transfer the exclusive right to use the father's name to one of her sons to the exclusion of others, for all the children had equal rights to the use of the name.⁶⁵

The North Carolina courts have held that descendants of one Bingham, who established a "Bingham School" at Mebane, N. C., can continue the school although another school called "Bingham School" had been established at Asheville; but that both schools could use the name because no confusion could arise as the schools are not in the same locality.⁶⁶ *Ball v. Best*⁶⁷ had distinctly held such doctrine error, and it seems with good reason; for while no doubt in years past, confusion would be quite unlikely, under modern conditions of easy communication and in view of the facilities of publicity offered by

* *Marshall v. Pinkham*, 52 Wis. 572-1881; 9 N. W. 615.

* *Bingham School v. Gray*, 122 N. C. 699-1898; 41 L. R. A. 243; 30 S. E. 304. The Bingham School was established in 1793 by one Wm. Bingham, and in 1864 was incorporated as The Bingham School. The charter provided: "Nothing herein contained shall prejudice the original and ultimate right of property in the name of said school pertaining to William Bingham as representative of the name and reputation of the school." The charter having expired Robt. Bingham had it again incorporated in 1895. In 1875 Wm. Bingham died, left all his property to widow for life, then to children. Defendants are his widow and children, who are now conducting a school at Mebane, N. C., (site of old school) under name "William Bingham School," and claim it was organized in 1793 and conducted by the Bing-

hams since, and they have right to name Bingham School. *Held*, as defendants are widow and children of Wm. Bingham, and are on site of old school, they can use words "Bingham School" or "Wm. Bingham School." "That the plaintiff is incorporated as the 'Bingham School' does not give it the exclusive right to that name; another corporation might be created by and operated under the same title, when not in the same locality, in the absence of an intent to injure the first named corporation or to avail itself fraudulently of the other's good name and reputation." Citing *Farmers' Loan & Trust Co. v. Farmers' Loan & Trust Co. of Kansas*, 1 N. Y. Supp. 44-1888; 21 Abb. N. C. 104. "Certainly there could be no confusion between a Bingham School at Asheville and one at Mebane" (id. p. 707). Injunction denied.

"135 Fed. 434-1905 (C. C. Ill.).

newspapers and periodicals, one of these schools might easily avail itself of the reputation of the other in the minds of the persons not familiar with local history and conditions.

The right of a son to use his father's name and just how this right is curtailed by equity is shown in *Frazier v. Dowling*.³⁸ Waterfill and Frazier (father of plaintiff) made "Waterfill and Frazier Whiskey." Frazier died. Appellees came into control of his business. Frazier's son then formed a partnership with J. W. Waterfill, a cousin of his father's partner, to distill whiskey in another county. They marked their whiskey in various ways and finally began to mark it "Waterfill and Frazier, Distillers, etc.," the exact label of the old firm, and were enjoined from using this brand. Held, "that this combination did not represent the name of either of the partners in the new firm. If the sole object in using this combination was to tell the truth it does not do so any more than * * * "G. G. Frazier & Co.," or "J. M. Waterfill & Co.," both of which names this new firm discarded.

Here, then, was an evident attempt by descendants to use a right to a father's name and a family name for the purpose of passing themselves off as persons they were not, as owning and carrying on a business they did not own and did not carry on. This question of Rights of Descendants is considered in the chapter on Transfer.

§ 79. Summary.—Speaking generally, it may be said that the usual rules as to the tests of unfair competition apply to use of family names. The resemblance between two similar labels appeals to the eye; a family name used as a trade name or part of a trade name appeals to the ear. The general look of a label, the "tout ensemble," as Judge Brewer calls it in *Lorillard v. Peper*,³⁹ is what the public remembers. It is the name in common use, the nickname, if you will, not its full name, that becomes the real name—for instance, "Baker Chocolate," not "Walter Baker & Co.'s Chocolate," becomes known to the public by advertising and by the merits of the goods, and purchasers remember that name. For Wm. H.

³⁸ 39 S. W. 45-1897; 18 Ky. L. ³⁹ 86 Fed. 956-1898 (at p. 960).
Rep. 1109.

Baker to sell chocolate as " Baker's Chocolate " was to commit a fraud on Walter Baker & Co. The name used by the defendant may be almost an exact counterpart of that of the complainant, and yet no unfair competition results.⁷⁰ Again there may be many points of difference between them and yet the use of the defendant's name will be unfair. As for instance " Dr. Bull's Cough Syrup " was infringed by " Dr. B. L. Bull's Celebrated Cough Syrup."

⁷⁰ *Brown Chemical Co. v. Meyer*, 139 U. S. 540-1890; 35 L. ed. 247; 11 Sup. Ct. 625.

CHAPTER VII.

MISCELLANEOUS BUSINESS NAMES.

SECTION 80. Introductory.

81. Business names as distinguished from marks, designs, devices, etc.
82. Difference between abstract names of objects and business names.
83. Secondary or acquired meaning.
84. Secondary meaning of semi-geographic names such as "Empire State," "Hoosier," etc.
85. Geographic limits in which secondary meaning becomes known.
86. Existence of secondary meaning a question of fact.
87. Names of goods intended for export.
88. Lord Kay's summary of the law of names.
89. Names considered as transitory or personal, and as local or fixed.
90. Phrases such as "Formerly with," and "Successor to," etc.
91. Signs.
92. Street addresses, etc.
93. Use of suffix "& Co.," etc.
94. Names of newspapers and magazines.
95. Names of plays, books, text-books, etc.

§ 80. Introductory.—The name of a thing and the thing itself are hardly distinguishable. It is seldom that they can be separated. Injure one and the other suffers. Lower the quality of the goods themselves and the name becomes less valuable. Apply the name to some similar but inferior article or to some different article of ill repute, and the value of the name becomes materially less. Trade names frequently are guarded with as zealous care as a name of a family. They may be libeled and slandered, misused and discredited just as personal names are libeled and misused.

With the growth of trade, with the increase of transportation facilities, with the multiplication of means of making an article of trade known to the public, and equally with the multiplication of methods of quickly injuring its reputation, the law which governs the protection given to trade names has become more explicit and more fully defined. Underneath all this development, however, lies the same principle — so often

referred to before, that one must not pass off his goods as those of another — must not use his trade name in such a way as to give the impression that it is the trade name of another.

§ 81. Business Names as Distinguished from Marks, Designs, Devices, Etc.—It is to be remembered that trade *names* differ from trade-*marks* and trade *designs* and *devices*. The exclusive right to use a trade name imposes upon competitors a more burdensome restriction than the right to use a mark. It is not unreasonable to say to traders that they shall not imitate an arbitrary mark or device adopted by one of them; but to say to a person that he shall not use his own family name is quite a different matter. To do that is to claim a monopoly of a name to the use of which others may have an equal right. Accordingly, various limits have been set to the right to exclude others from the use of words and names in designating goods, while like limits have not been imposed as to the use of marks, designs, and devices. It would obviously be unjust, for instance, to forbid a man the use of his own name in trade, when no fraud or damage to others' rights arising therefrom was shown.

Again, a name of a business or of an article of trade gives more information than a mark. A name tells either the name of the maker or seller of goods or the place of manufacture or the locality of a business, perhaps all of these facts, while a mark indicates these and similar facts usually by association only. Failure to understand and observe this difference between a trade-mark and a trade name is often the cause of unfair competition. There is no question that a mark which has been lawfully chosen and appropriated to the use of one person is property; but it is not always easy to know whether or not one has rights in a trade name he is using, sufficient to entitle him to protection in the sole use of the name. It may be a general name, which cannot be appropriated under ordinary circumstances, and yet his business enterprise may have caused the public to associate that name, when used in trade, with his business alone. Under such conditions is the name property? Can an action for unfair competition be sustained?

§ 82. Difference Between Abstract Names of Objects and Business Names.—A trade name is to be distinguished from the abstract or general name of the article. When an article first becomes known, it is without a name and must be associated with a word,—must be named—christened. That name thus given everyone has a right to use, for it is by this name only that it can be known, dealt in and designated. A new metal, for example, is discovered. It must be given a name, and the inventor or someone else calls it aluminum and straightway that is its name. Everyone has a right to use that name; for it would be entirely against public policy and individual rights to allow any one person to obtain a monopoly of this general or generic name.

On the other hand, a business or trade name is one that can be adopted by one person as a name identified only with his particular goods or concern, a name, in other words, which is “appropriatable” by one person. This distinction is important because frequently the attempt is made to defend a right to use a general name as applied only to one person’s goods. See § 150.

§ 83. Secondary or Acquired Meaning.—At first thought, it would seem that the courts could have no power to restrain anyone from using one of these abstract names. But more and more frequently we are seeing instances of such interference by injunction, on the ground of unfair competition. One has an absolute right, in one sense, to use his own family name, regardless of others, and yet, if he uses it fraudulently so as to injure others, or to attract custom from another bearer of it, he may be restrained.¹ In such cases the general or abstract word or name has come to have a *secondary meaning*; has acquired by usage generally, some peculiar, artificial, unexpected meaning, in which meaning the complainant possesses some especial property right. The question in all of these cases dealing with secondary meaning of words and names is whether or not the defendants, by their misrepresentation,

¹ *Cady v. Schultz*, 19 R. I. 193—Meaning of Family Names at § 69 1895; 32 Atl. 915; 29 L. R. A. 524. *supra*, and §§ 112–17.
See also discussion of Secondary

have sought to prevail on purchasers to buy their goods, believing that they were getting the goods made by the plaintiff. Of course if the defendant used direct misrepresentation, the plaintiff's remedy is plain. But when the proof shows merely a representation by the defendant which consists in the using of a term which describes accurately the goods in question, it must be a precedent condition to plaintiff's success, that he prove that the term in question no longer has its evident, usual meaning, but has come to have the secondary and further meaning that these goods are the particular goods made by the plaintiff, and that the public understands this name to refer only to goods made by the plaintiff. Unless this be proven the defendants are not in the wrong, for they are merely using a name to which they have as much right as have the plaintiffs, and there is no room for any charge of fraud or unfairness; for, as we have said above, it is a public right to apply to an object a word by which it may be known and it is everyone's privilege to employ that word as the name of that object at will.²

Names which are adopted because of a similarity in sound to a rival's name are applied in most instances to goods, and the rules regarding them are discussed in the chapter on Names of Articles of Merchandise, under head of "Names Idem Sonans."

Well-known and authoritative decisions on the question of how far courts will depart from the rule that general and generic names are public property, to protect a trader from unfair competition, are found in the Reddaway cases. The most important of these is *Reddaway v. Banham*,³ a House of Lords case. They involve the right to use the name of a belting called "Camel Hair Belting." It was made largely of camel's hair, although it was not at first generally known that such was the fact. At the first, this "camel's hair" was supposed to be a mixture of the hair of sheep, goats, and various eastern animals in which hair of camels might be found; but which did not pretend to be all camel's hair.

² *Cellular Clothing Co. Ltd. v. Maxton & Murray*, App. Cas. 326-1899.

Formerly the yarn of which the belting was made was sold simply as brown worsted. Other makers made belting of camel's hair, which they called by names of animals such as yah, buffalo, llama, crocodile, etc. On the trial a letter was put in evidence in which a salesman wrote: "I think I can take this order from 'Reddaway's' if the goods are marked 'Camel Hair Belting.'" There was ample evidence to show, says the court, that purchasers did not apply this name to all goods made of camel hair but to Reddaway's goods only. Lord Herschell said in the House of Lords: "The name of a person, or words forming a part of the common stock of language, may become so far associated with the goods of a particular maker that it is capable of proof that the use of them by themselves, without explanation or qualification, by another manufacturer would deceive a purchaser into the belief that he was getting the goods of A. when he was really getting the goods of B." (id. p. 210.)

There is a sort of substitution of names that is the basis of one sort of the secondary meaning sometimes acquired by names. Faulder makes "Silverpan" jam. In the course of time, the word Faulder is lost to the knowledge of the public in connection with the jam and "Silverpan" comes to mean not only the jam made only by Faulder but also becomes the name of his works and his company, and he receives mail addressed to the "Silverpan Works," and to the "Silverpan Company." If this mail be directed to and opened by a rival using the words "Silver Pan," Faulder suffers loss of business which is legitimately his. And this is so, although a person who buys the imitation article because of the resemblance between "Silverpan" and "Silver Pan," never heard of the name Faulder & Co., Ltd., and did not know they made this brand of jam.⁴

⁴ App. Cas. 199-1896.

⁴ *Faulder & Co. Ltd. v. O. & G. Rushton, Ltd.*, 20 R. P. C. 477-1902. Plaintiffs made jam at Stockport, Chester. Defendants were grocers, twenty-three miles away. In 1886 plaintiffs began to boil their jam in

silvered or silver-lined jars, and began to call their product "Silverpan" and sell it under that name. Defendants issued a circular containing these words: "A 2 lb. Jar Silverwell — Silver Pan Strawberry 10 1/2 d. O. & G. Rushton, Ltd."

To support an allegation that a name has acquired a secondary meaning, it has been held there must be shown (1) identification of name with plaintiff; (2) recognition in the locality

Plaintiffs claimed secondary meaning for word "Silverpan." They had used it since 1887; had spent £12,000 in advertising. Nine thousand copies of "The Mail" circulated in the district where defendants carried on business, and plaintiffs often advertised "Silverpan" jams in that paper and two others in the neighborhood, and 1,000,000 circulars were said to have been used. Letters were addressed to plaintiff at "Silverpan Works," "The Silverpan Company," by customers when ordering goods, and "Silverpan" jam. *Held*: "If a man is accustomed to buy a certain brand which has become a catch-word, very often he forgets the name of the maker. He might remember jam that he bought, which was undoubtedly Faulder & Co.'s jam, and, wishing to get the same jam again, in asking for 'Silverpan' he would buy it in the expectation of getting the same brand, that is Faulder's brand; therefore I am not at all sure it was absolutely necessary that a person asking for 'Silverpan' should have in mind also the name of Faulder" (id. p. 485). *Held*, "Silverpan" had acquired a secondary meaning and meant Faulder's jam. Defendants' circular broke the word into two—"silver" and "pan." *Held*, that the substance was "Silverpan," and this would not excuse their use of the word. Defendants put the word in inverted commas, as they claimed, to attract attention. *Held* it meant quotation. The plain-

tiffs are not bound to prove that when the defendant put those words (Silver Pan) in he intended to deceive. "It is enough that he put them there. * * * Whether it was intentional or whether it surged up in his mind as a kind of unconscious cerebration, he got the idea ultimately from Faulders" (id. p. 489). Injunction granted. Decision upheld on appeal, where Vaughan-Williams stated that it was necessary (1) to show proof of identification of word "Silverpan" with plaintiff's firm, and (2) this identification is recognized in district where defendant is located, but not by *everyone* in the district (p. 492), and Romer, L. J., said: "Of course I do not mean that in every town in which there was a market for jams you could find a majority of the inhabitants who knew about this jam: still less do I suppose that a majority of the inhabitants of the districts in which this jam was chiefly sold, as a whole knew the jam intimately, or possibly at all; but I think that in the markets I have referred to, a substantial number of persons who were interested in the question, and whom, from their position, one would expect to have known about the jam, did so know the plaintiff's jam; and I certainly think upon the evidence that all who knew the phrase at all, as applied to jam before the acts of the defendants which are complained of, identified the term as meaning the plaintiff's goods" (id. pp. 439-94).

where the business is located or where the goods are sold of such identity between plaintiff and the name in question.⁵

Texas courts have held that the name "Nickle Store," applied to either nickel goods or goods sold for a nickel (5c.) is

⁵ *Faulder v. Rushton*, *supra*. *Fels v. Christopher Thomas & Bros.*, 21 R. P. C. 85-1903 (Court of App.). Plaintiffs were Americans who made "Fels-Naphtha Soap," which contained naphtha. They introduced it into England in 1900. It appears that, after this, customers and dealers began to use term "Naphtha Soap" when plaintiffs' was the only naphtha soap on the market. In 1902 defendant began to make "Naphtha Soap." Although in the two years while plaintiffs' soap was the only naphtha soap on the market, buyers asking for "Naphtha Soap" undoubtedly meant plaintiffs' soap, there was, nevertheless, no evidence of any secondary meaning which the word naphtha had acquired in this two years as applied to plaintiffs' soap. *Ripley v. Griffiths*, 19 R. P. C. 591-1902. Plaintiff made Blue in oval cakes which he called "Oval Blue." The question at issue was whether or not the words "Oval Blue" meant plaintiff's blue and nothing else. Both plaintiff and defendant sold blue in oval form. Plaintiff began to sell blue in ovals twenty-five years before this suit was brought, and for about eighteen years no one else sold oval blue. Testimony showed that people usually ask for blue according to the shape, and the blues are called by names denoting shape. Defendant called his goods "Bobby Blue." It was in oval shape.

Dealers testified: "There is only one oval blue, that is Ripley's." "Customers would ask for 'Oval' to distinguish it from 'Rickett's Square.' If they asked for 'Oval' I gave them Ripley's." "I have never heard of any other oval blue than Ripley's," etc. Referring to the rule laid down by Judge Davey in *Reddaway v. Benham*, App. Cas. 199-1896 (see discussion of this case, § 82), court denies injunction on ground that most of witnesses either were dealers who kept only plaintiff's blue, or were persons who had never used other kinds. In other words, that identity between name and plaintiff's goods was not established. *Hansen v. Siegel-Cooper Co.*, 106 Fed. 691-1900 (C. C. S. D. N. Y.). Complainant made and sold a preparation of rennet under the name "Junket Tablets." The word "Junket" is the recognized English name for a species of food, and complainant's tablets were used in making it. It was held that "Junket Tablets" had, however, acquired a secondary meaning as applied to complainant's tablets, and defendant, a later manufacturer, was enjoined from using the name "Junket Capsules" as applied to a preparation similar to complainant's but put up in capsules, although he was allowed to indicate that his preparation was used in making junket.

one in which, in a given locality, an exclusive right may be acquired.⁶

The right of the public to the use of this common, or general, name of an object is not unlimited. Through close association of the name with an article made by some one person, it may come to mean to persons familiar with such association only the particular article of the person who has thus used it. In *Powell v. Birmingham Vinegar Brewery Co.*,⁷ it is said that if a person uses words which simply describe the kind of goods he makes or sells—e. g., leather boots—it would be intolerable to confer upon him the right to prevent other persons from honestly using the same words to describe what they make or sell. A person, by using his own name or a merely descriptive word to denote a particular article, cannot prevent other *bona fide* traders of the same name from using it, nor can he prevent other *bona fide* traders from making or selling the same sort of goods, or from using the same descriptive word. Yet, even in such a case, if the descriptive name is proved to have come to be, not only the general name of the article, but a name of the goods of the plaintiff, and if deception is also proved, a person may be restrained from using such name or word without taking such steps as will render mistakes unlikely to occur.⁸

§ 84. Secondary Meaning of Semi-Geographic Names such as "Empire State," "Hoosier," Etc.—Such names as

⁶*Duke v. Cleaver*, 19 Tex. Civ. App. 218-1898; 46 S. W. 1128. Plaintiff, the proprietor of a general store, used the words "Nickle Store" as his business sign and trade name, and the store was widely advertised and generally known by that name. It was held that the defendant was not entitled to use the same sign and name in connection with the store opened by him adjoining plaintiff's. The court considered that as plaintiff did not deal in nickel goods, and did not, for the most part, sell his wares for a nickel, the term was not merely

a descriptive one, but a trade name to use which in a given locality, an exclusive right might be acquired.

⁷2 Ch. 54-1896.

⁸The following cases furnish familiar examples: *Holloway v. Holloway*, 13 Beav. 209-1850; *Seizo v. Provezende*, L. R. 1 Ch. 192-1865; *Wotherspoon v. Currie*, L. R. 5 H. L. Cas. 508-1872, "Glenfield Starch;" *Seigert v. Findlater*, 7 Ch. Div. 801-1878, "Angostura Bitters;" *Thompson v. Montgomery*, 41 Ch. Div. 35-1889; affirmed in App. Cas. 217-1891, "Stone Ale."

"Keystone," "Granite State," "Empire State," "Hoosier," which are nicknames semi-geographical in meaning may, by usage, acquire a secondary meaning, as connected with a particular brand or make of goods; and when so used will be protected against use in a similar sense by rivals. It is not material that the plaintiff had no special right to use the name at the time he adopted it.⁹

A steamship agent may acquire a secondary meaning in the name he uses for a number of lines represented by him

⁹*Cohen v. Nagle*, 190 Mass. 4-1906; 76 N. E. 276; 2 L. R. A. 964. Cohen made "Keystone Cigars," beginning in 1885, thinking it a name never used before on cigars. He built up a large trade in New England—\$160,000 per year. Defendant, in 1905, began to sell "Keystone Maid" cigars. Confusion with plaintiff's goods resulted. *Held*: "The trade and public in New England have come to associate the word 'Keystone' with the plaintiff's cigars and to recognize it as meaning his cigars and not those of any other person" (p. 7): and that, the fact that word "Keystone" has been spasmodically used on cigars did not defeat plaintiff's right. (See form of decree, pp. 12-13.) "The fact that the word "Keystone" was a geographical name and in common use as a cigar label since 1870 prevented his (plaintiff) adopting it as his distinctive mark for cigars of his manufacture. It did not prevent those words from acquiring in time a secondary or trade meaning, to wit, cigars made by the plaintiff" (p. 18). *Julian v. Hoosier Drill Co.*, 78 Ind. 408-1881. A geographical nick-name, such as "Hoosier," may be applied to a specific article, such as a grain drill, and an exclusive right may be ac-

quired to use it as a trade-mark or trade name for the article. "The thing, and the only thing, that is material in case of a trade name is this: Does that name in the trade mean that goods to which it is attached are goods of the plaintiff's manufacture? If it does, a case of trade name is made out, although the plaintiff had no right to adopt it as his mark when he did adopt it as such, or having been the first to adopt it, and without regard to how many others are then using it." *Buzby v. Davis*, 150 Fed. 275-1906 (C. C. A. 8th Cir.). Complainant had for many years made and sold at Philadelphia oils and lubricants under the name "Keystone Lubricating Company." The symbol of the keystone of an arch was placed upon the packages as a trade-mark, and the products were widely known by the name "Keystone." Defendants began to put upon the market inferior oils, placing upon the packages a similar keystone symbol, together with the trade name adopted by them, "Keystone Oil Company," with the result of misleading purchasers. *Held*, on demurrer, that even if "Keystone" were to be taken as a geographical term, unfair competition was shown.

and this against the owner of one of the lines.¹⁰ Kekewich, J., in *Wurm v. Webster*,¹¹ doubted if one could acquire a secondary meaning in the name "White Hungarian Band," because the public usually knew the band by the name of the leader — or partially by that name. See chapter on Geographical names.

§ 85. Geographic Limits in which Secondary Meaning Becomes Known.—A name need not acquire this secondary meaning *everywhere*, in order to be entitled to protection by the court; but protection will be given, if such meaning is attributed to it in the nearby region to the place of manufacture. Nor is it necessary that a *majority* of the people in that locality must know about the name used in this secondary way. This is held by *Faulder v. Rushton*, *supra*. Nor will the right to an injunction be affected by either the period of time the defendant has used the offending name, or the fact that the plaintiff has not yet extended its business to the territory which the defendant occupies.¹² See § 114.

"*Winsor v. Clyde*, 9 Phila. 513—1872 (Ct. Com. Pl. Phila.) Plaintiffs were agents at Philadelphia for several lines of steamers, but did not own the vessels. They had long designated and long advertised most of these lines of steamers as "Keystone" lines. Held, that they had acquired a property right in the use of the name, which would be protected by injunction, as against the owners of one of these lines, who, after withdrawing it from the plaintiffs, advertised it as the "Keystone" line. It appeared that this particular line, while managed by plaintiffs, had generally been known simply as the "Philadelphia and Providence Line" rather than by the name "Keystone."

"21 R. P. C. 373.

"*Hygeia Distilled Water Co. v. Consolidated Ice Co.*, 144 Fed. 139—1906 (C. C. W. D. Pa.) affirmed, 151 Fed. 10. Complainant and its prede-

cessors had for over twenty years distilled and sold water of a high grade, advertised, marked, and known as "Hygeia Water," and had built up a large trade in some states, but had done practically no business in Pittsburg and vicinity. Neither party knew of the use of the name "Hygeia" by the other till shortly before the institution of the suit. Held, that the word "Hygeia" was not a descriptive word, but had come to denote the product of the complainant; that the defendant's use of the word, though innocent at first, was not justified after the facts as to the prior use were known to the defendant; that the right to an injunction was not affected either by the length of time during which defendant had used the word, nor by the fact that plaintiff had not yet extended its business to the locality occupied by the defendant.

Many names never obtain national repute; they are known only in the vicinity of the place where the goods to which they are attached are made, or the persons who bear them reside.

The fact that the plaintiff has not yet extended his trade to the territory occupied by the defendant has been held, in technical trade-mark cases, to be no defense to an injunction.¹³ But if such extension of a name or mark not a technical mark will cause confusion in some locality with a mark well known there, there is reason to believe the use of the foreign name should be enjoined in that section.

Such a secondary meaning may be acquired by words in general use, when a phrase made up of them has come to have a particular meaning in the minds of the public. This has been held true where the phrase "incorporated accountant" had come to mean in England that the person to whom it was applied was a member of a certain corporation called "Society of Accountants and Auditors."¹⁴

A name often becomes associated with a particular place because of the existence there of a business plant; again, the name may be associated with the place before the business is started there, and the business be named from the place. In either event the business may move and seek to take with it the name and to prevent others who may buy the plant or locality it abandons from using the name. In *Nicholson v.*

¹³ *Hygeia Distilled Water Co. v. Consolidated Ice Co.*, 144 Fed. 139-1906 (C. C. Pa.); affirmed, 151 Fed. 10-1907 (C. C. A. 3d Cir.); citing *Derringer v. Plate*, 29 Cal. 296-1865; 87 Am. Dec. 170; Hopkins on Trade-Marks, § 13.

¹⁴ *Society of Accountants and Auditors v. Goodway* (1907, Ch. Div.), 76 L. J. Ch. 384.

Plaintiff society was incorporated in 1885, and admitted as members only well-qualified accountants; it gained a high reputation and its members were usually described as "incorporated accountants," which

term was generally understood to imply membership in this society. In 1905, a new company was formed for similar purposes. *Held*, that the phrase "incorporated accountant" had acquired a secondary meaning, and that members of the new company should not be allowed to use this designation, nor the company to hold out its members as entitled to use it in such a way as to lead to the belief that they were members of the plaintiff society. See similar Scotch case. *Soc. of Accts. in Edinb. v. Corp. of Accts.*, 20 Ct. Sess. Cas. 750, 4 Ser.

Buchman,¹⁵ plaintiff set up a distillery in 1847, which he called the "Black Swan Distillery," and in 1897 sold it and the plant was moved away. The defendant, a spirit merchant, purchased the place where the distillery stood and advertised that the Black Swan had been rebuilt, and contended he had a right to the name as it came from the fact that a public house of that name once stood on the spot. Held, defendant's reputation was as a dealer in Scotch whiskey. Name Black Swan was associated with distilling gin, or whiskey, and defendant did not deal in gin. No evidence shown of anyone being misled. Action dismissed. The value of many names is based on usage in certain particular localities, in which the party using the name or mark has established his business. *Sartor v. Schaden* holds¹⁶ that "When the question of unfair trade is involved, one person may have a property right in the secondary use of a word in one locality and another in the same word or device in another. This is one of the distinguishing features between a trade-mark, strictly speaking, and a trade name. One is of necessity geographical, and covers the entire limits of the jurisdiction of the sovereignty granting the right; and the other is of necessity local, not founded upon any authority or right from the state, but based upon usage in the particular locality, or localities, in which the party is doing or seeks to do business."¹⁷ See §§ 89 and 112 *et seq.*

§ 86. Existence of Secondary Meaning a Question of Fact.—What facts will warrant a decision that such a secondary meaning has been acquired, is a question of fact and a different question in each case. Evident deception for a year may not warrant such a finding in absence of intent to defraud.¹⁸

¹⁵ 19 R. P. C. 321-1900.

¹⁶ 125 Iowa 696-704-1904; 101 N. W. 511.

¹⁷ *Draper v. Skerett*, 116 Fed. 206; *Hainque v. Cyclops Iron Works*, 136 Cal. 351; 68 Pac. 1014; *Clark Thread Co. v. Armitage*, 67 Fed. 896; 74 Fed. 936.

¹⁸ *Nesne v. Sundet*, 101 N. W. 490-1904; 93 Minn. 299. In 1901 plain-

tiffs formed partnership at Crookston, Minnesota, under the name "Crookston Marble & Granite Works." Two weeks later they changed their name to "Crookston Marble Works." Nine years before defendants began business at the same place as "Northwestern Marble Works" and used the name "Marble Works" as a sign. Ten per cent. of

§ 87. **Names of Goods Intended for Export.**—The fact that goods are exported to countries where other languages are spoken may inject into the question of the use of a name the interpretation which may be placed upon the name by the foreign consumers. These arise over colors of trade-marks, over names of the goods, and over names of the houses which do the exporting; and it has been held repeatedly that it is unfair competition for a house to export goods under any label or name which may tend to pass off its goods in the foreign market as those of some other person.¹⁹

their letters were addressed "Crookston Marble Works." In June, 1902, they formed a corporation under name "Crookston Marble Works." Court found that there was no intent to defraud on part of either plaintiff or defendant. *Held*, that plaintiff first adopted the name and that the defendants acquired no right in the name because mail intended for "Northwestern Marble Works" was addressed to "Crookston Marble Works." No vested right in that name accrued to the defendants.

"*Gout v. Aleploglu*, 6 Beav. 69—1833. Gout made watches for Turkish market where they acquired great repute by the marks on them which consisted of Gout's name in Turkish and "Pessendede" (warranted) — and other minor marks. Defendant had watches made with the words "Ralph Gout" and "Pessendede" in Turkish engraved on same part of watch that plaintiff put these marks. Injunction granted. *Collins Company v. Oliver Ames & Sons Corporation*, 18 Fed. 561—1882 (C. C. S. D. N. Y.). Plaintiff was a corporation organized in 1843 to carry on an already established business in Connecticut of making edge tools; its corporate powers, however, extending to the making of all articles of

metal. The trade name stamped on the goods, both before and afterward, was "Collins & Co.," by which name its goods were known over the world. Defendant was the successor of Oliver Ames & Sons, well-known makers of shovels and other tools. In 1856, this firm began to send shovels to Australia stamped "Collins & Co.," this name being adopted to take advantage of the plaintiff's reputation for the quality of its tools, which were then sold in Australia, though plaintiff manufactured no shovels at all until long after 1856. Oliver Ames & Sons, and defendants, their successors, also used on their goods labels, indicating that they were manufactured "by Collins & Co., North Easton, Mass., U. S. A." They used the name "Collins & Co." only in the export trade. *Held*, that the defendant had no right to the use of the name "Collins & Co." against plaintiff, although defendant had long exported shovels under that name while plaintiff had no trade in shovels — in view of the fact that since 1843 plaintiff had the right to make shovels and of the circumstances under which the use of the name by the defendant originated. See also chapters on Names of Goods and Geographical Names.

§ 88. Lord Kay's Summary of the Law of Names.— Lord Kay, in *Powell v. Birmingham Vinegar Brewery Co.*,²⁰ has summarized the rules relating to the law of trade names as follows: "The law relating to this subject may be stated in a few propositions:

"(1) It is unlawful for a trader to pass off his goods as the goods of another."

"(2) Even if this is done innocently it will be restrained. (*Millington v. Fox*, 3 Myl. & Cr. 338-1838)."

"(3) *A fortiori* if done designedly, for that is a fraud."

"(4) Although the first purchaser is not deceived, nevertheless if the article is so delivered to him as to be calculated to deceive a purchaser from him, that is illegal. (*Sykes v. Sykes*, 3 B. & C. 541-1824)."

"(5) One apparent exception is that, where a man has been describing his goods by his own name, another man having the same name cannot be prevented from using it, though this may have the effect of deceiving purchasers. (*Burgess v. Burgess*, 3 De G. M. & G. 896-1853)."

"(6) But this exception does not go far. A man may so use his own name as to infringe the rule of law: 'It is a question of evidence in each case whether there is false representation or not,' per Turner, L. J., in *Burgess v. Burgess* (3 De G. M. & G. 896-1853, at p. 905). So he may be restrained if he associates another man with him so that under their joint names he may pass off goods as the goods of another person. (*Croft v. Day*, 7 Beav. 84-1843; *Clayton v. Day*, 26 Sol. Jour. 43-1881; *M. Melachrino & Co. v. Melachrino Egyptian Cigarette Co.*, 4 R. P. C. 215-1887)."

"(7) Another apparent exception is, where a man has under a patent had a monopoly for fourteen years, and has given the article a descriptive name, he cannot, when the patent has expired, prevent another from selling it under that name. (*Young v. Macrae*, 9 Jur. N. S. 322-1862; *Linoleum Manufacturing Co. v. Narin*, 7 Ch. Div. 834-1878)."

"(8) I am not sure this would be so if the name so used were the name of the patentee, or even a purely fanciful name not descriptive."

²⁰ 2 Ch. 54-79-1896.

“(9) Certainly, where there has not been a patent, and an article has been made and sold under a fanciful name not descriptive, so that the article as made by one person has acquired reputation under that name, another trader will not be permitted to use that name, for a similar article made by him. (*Braham v. Bustard*, 1 Hem. & M. 447-1863; *Cochrane v. Macnish & Son*, App. Cas. 225-1896).”

“(10) To this last proposition there is again a limitation. If the first maker has slept upon his rights, and allowed the name to be used by others until it has become *publici juris*, the court will not interfere.”

§ 89. Names Considered as Transitory or Personal and as Local or Fixed.—Business or trade names are either local or geographical, or transitory or personal in character,—the one attaching to a place regardless of the ownership of the name at any one time, the other attaching to the person regardless of where the person locates himself. This distinction is important in cases involving names of hotels and buildings.

It is not necessarily the exact name which one applies to a hotel that the law will protect. Any name by which the hotel has become known is entitled to such protection; for the use of either one by a rival may work injury to the complainant's house and business. Some hotel names are personal names, others impersonal, certain of these names attach to a place, to a particular hotel regardless of its ownership; while others have been held to be the property of a person and to attach to him rather than to the place. Such a personal hotel name was involved in a California case in which the plaintiff leased land where he erected and conducted a hotel to which he gave a name. Later he moved and used the same name on a new hotel; it was held that the name was his property and did not pass to the owner of the first named premises.²¹

²¹ *Woodward v. Lazar*, 21 Cal. 449-1863. Defendants were restrained from using the name “What Cheer House,” as the name of a hotel in the city of San Francisco. Woodward, plaintiff, first erected a hotel building on leased premises and gave

it that name. During his occupancy as tenant, he purchased and built on the adjoining lot, another hotel edifice, and occupied it also. Afterward he surrendered the leased premises, and occupied the second, and continued to conduct a hotel business on

Thus, a clear distinction was taken by the California court, between the reputation a name or appellation gives to a certain business locality, and which adheres to that, without any reference to the proprietor of the establishment personally, and the designation or name for a locality, at which a certain business is carried on, and which is not impersonal and does not attach to the property, but remains subject to the control of the proprietor. In treating of this distinction the court here said: "Plaintiff's claim for protection, so far as his right results from the good-will acquired for the name while it was applied exclusively to the leased premises, may not be sustainable, yet he is entitled to protection in the exclusive use of the name as proprietor of the new house" (id. p. 453).

Had the name of the establishment formed an element of the good-will of any hotel business conducted on these particular premises, it might have been lost by the conveyance to the defendant; but as it was rather a personal possession of the proprietor, while lessee, and not an impersonal feature of this business, it did not pass to the landlord, but remained subject to the control of the lessee at the termination of the lease.

his own premises under the name of "What Cheer House." The defendants later purchased the premises first described, and conducted thereon a hotel under the name "Original What Cheer House." The contention of the plaintiff, on injunction, was that the name belonged to him, as the proprietor of the hotel last established which he had owned and occupied, which name he had theretofore used continuously while proprietor of the hotel last leased, and up to the date of its surrender, it being a trade name. The contention of the defendant was, that the name was a mere designation of the building in which the business, at first established, was conducted, and that it attached to the building at the termination of the

plaintiff's lease, and passed to him by his purchase thereof from the plaintiff's lessor. Denying the latter proposition, the court said: "A person may have a right, interest, or property in a particular name, which he has given to a particular house, and for which house, under the name given to it, a reputation and good-will may have been acquired; but a tenant, by giving a particular name to a building, which he applies to some particular use, as a sign of the business done at that place, does not thereby make the name a fixture to the building, and transfer it irrevocably to the landlord" (id. p. 452). See also *Nicholson v. Buchman*, 19 R. P. C. 321-1900; *supra*, § 85.

It would seem that if a person, while lessee of a hotel property, by his energy and industry, builds up a reputation for the hotel that brings to it a large increase of business and adds value to the property, on surrendering it to the landlord, he should be entitled to some return for the increase in its value, if such increase was solely due to his efforts.

In *Howard v. Henriques*,²² it appears that the plaintiff's hotel was called the "Irving House" but it soon became generally known as the "Irving House" and "Irving Hotel," indiscriminately. The defendants named their house the "Irving Hotel." There was no question of resemblance between the two hotels, or the two signs. It was the name that was protected, not the name which plaintiff took, but one of the names by which this hotel was known.

The right to use a hotel name is entirely in the control of the owner of the name. If he contracts with a person allowing the use of it for a certain period, at the end of that time he may assume entire control of it again, and for the person who has been using it under the contract to continue to do so will subject him to injunction.²³

²² 3 Sandf. (N. Y.) 725-1851. Plaintiff owned and ran "Irving House" opened 1848. In 1851, defendant opened in same city "Irving Hotel." The court said: "We think that the principle of the rule is the same, to whatever subject it may be applied, and that a party will be protected in the use of a name which he has appropriated and by his skill rendered valuable, whether the same is upon articles of personal property which he may manufacture, or applied to a hotel where he has built up a prosperous business. * * *" "If one man has, by close attention to the comfort of his guests, and by superior energy, made his hotel desirable for the traveler, and caused its name to become popular throughout the land, another man ought not to be per-

mitted to assume the same name in the same town, and thus deprive him, who first appropriated the name, of some portion of the fruits of that good-will which honestly belongs to him alone."

²³ *Marsh v. Billings*, 61 Mass. 322-1851. The proprietor of the Revere House arranged with defendants to have carriages at the station to carry passengers to the Revere House, authorized him to use the badge "Revere House" and the carriages and the drivers' caps, and gave him the privilege of carrying all passengers from the hotel to the station. After a time the agreement with the defendants was terminated, and a similar exclusive arrangement was made with the plaintiffs. Defendants, however, still continued to use the "Revere House" badge, and sought to divert

Where the name of a hotel was attached to it before a lessee of it took possession, the fact that the lessee increases by his energy and skill the value of the name is not a reason why he may use the name in another place in competition with the owner, because to do so would mislead the public.²⁴

A person who sublets a boarding-house — which the original lessee has named “Norwood” (the place being unnamed before) — may not restrain the lessee from using name “Norwood Hall” — on adjoining premises.²⁵

Where a lessee ran an inn for three years under name “Metuchen Inn” and then moved to another part of the town, a person buying the building formerly used by him will not be allowed to use the name “Metuchen Inn.” To do this is unfair competition — when the name was first used by the lessee in question.²⁶

passengers from plaintiffs' carriages, and there was some evidence of actual misrepresentation on the part of defendants' employees. *Held*, that the defendants had no right to use the “Revere House” badge in such manner as to hold themselves out as having the patronage and confidence of that house, and that plaintiffs were entitled to such damages as the jury from all the evidence might judge reasonable, and not only for the loss of such passengers as plaintiffs could prove had actually been diverted.

²⁴ *O'Grady v. McDonald*, — N. J. Eq. —; 66 Atl. 175-1907. Complainant owned a hotel in Atlantic City, known for twelve years as “The Hotel Dominion.” Defendant, after conducting this hotel as lessee for one year, and (as she claimed) greatly increasing its reputation, erected and opened, a few hundred feet away on the same avenue, a new hotel under the name “The New Dominion.” *Held*, that the use of this name should be enjoined, as tending to mislead the

public. *Wilcozen v. McCray*, 38 N. J. Eq. 466-1884, *infra*, distinguished.

²⁵ *Wilcozen v. McCray*, 38 N. J. Eq. 466-1884. Defendant in 1881 rented a house at Asbury Park for three years, and occupied it as a boarding-house for the season of 1881, placing a sign marked “Norwood” on the front of the house, which was known as the Norwood Cottage. Early in 1882 defendant sublet the house to complainant from May 1st to October 15th, 1882, no reference being made to the name of the house. Defendant was at the same time erecting on adjoining land a boarding-house which she occupied for the season of 1882, and, on the front porch of which, about June 20th, she placed the sign “Norwood Hall.” *Held*, that she should not be restrained from doing so, for, if the name was the badge of anyone's business or business reputation, it was that of defendant, and not complainant.

²⁶ *Busch v. Grose*, 71 N. J. Eq. 508; 64 Atl. 754-1906. Complainant from

In *Chadron Opera House Co. v. Loomer*⁷⁰ the court declined to protect the plaintiff in the exclusive use of the name "Chadron Opera House" for a building used in part as a theatre, where the name had been used by plaintiff and defendants contemporaneously, until about the time the suit was brought, and without an apparent intention on the part of either, to appropriate the name to his exclusive use as the distinctive designation of his building.

The court says that, to entitle a party to enjoin the use of such a name by another, "he must make it appear, with at least reasonable certainty, that his adoption of the name was prior in time to that of his adversary; that he adopted and made use of it in such manner as would reasonably apprise the public that he intended it as a distinctive appellation for his trade, commodity or place of business, and that it was not, at the time of his attempted appropriation of it, in common or general use in connection with like businesses, commodities, buildings or localities."

§ 90. Phrases such as "Formerly with" and "Successor to," Etc.—We now come to the cases which deal with the rights of an employee, who has left his employment, to use the name of the person in whose employment he has been and those of a purchaser of the business of another, to use the name of his predecessor. It seems that one has a right in law to state to the public in any proper way, the fact that he has been "formerly with" the house whose employ he has left. This may take the form of any one of several phrases as "Late with," "From," "Formerly with," "Late of the firm of." But if any one of these phrases are used, the law will insist that it be the name of the person using the phrases,

1903 to 1906 maintained in the borough of Metuchen an inn, which was well known and appears to have been designated as the "Metuchen Inn," although no such sign was displayed. His lease expiring, he removed to another house in the same borough, and there continued his business as an innkeeper, putting up

the sign "Metuchen Inn." Defendant purchased the house first occupied by the complainant, and two months after plaintiff had put up his sign on the new place, defendant placed in front of his house a sign "Metuchen Inn." Held unfair competition.

"71 Nebr. 785; 99 N. W. 649-1904.

and not the name of his former employer, that is prominently displayed.²⁸

A partner who entered a partnership with one who owns a trade-mark will, on retiring from it, have no interest in or right to use the mark except by special arrangement. Where L. had long sold "Old Velvet" whiskey and then entered a partnership with K. under the name of L. & K., and K. afterward retired, he was held to have no right in the name "Old Velvet."^{28a}

"A person who has been a manager of another's business, has a right, on settling up an independent business, to make known to the public that he has been with the firm, but he must take care not to do so in a way calculated to lead the public to believe that he is carrying on the business of his former employer, or is in any way connected with it." (Head-note.)^{28b}

The use of any device which will cause a false impression to be given by the use of any of these phrases will be enjoined, such as erecting and using an awning which when let down

²⁸ *Colton v. Thomas*, 2 Brewst. (Pa.) 308-1869; 7 Phila. 257 (Com. Pleas, Phila.). Plaintiff had purchased the right to use for his business the name "Colton Dental Association," and for some years conducted a dental business under that name. Defendant was a former employee of plaintiff who had opened a dental office of his own some distance away on the same street, using on his sign and cards his own name with the addition, "Formerly Operator at the Colton Dental Rooms." The words, "Formerly Operator at" were in much smaller letters than "Colton Dental Rooms." *Held*, that the sign was calculated to mislead the public, and injunction granted. *Holbrook v. Nesbitt*, 163 Mass. 120-1895; 39 N. E. 794 (from head-note): "A person who was formerly in the employ of a firm and who

engages in a similar business, displaying upon his office a sign containing underneath his name the words 'Late of the Firm,' will not be enjoined, if the sign is not painted in such a manner as to be likely to mislead the public." *Lee v. Haley*, L. R. 5 Ch. App. 155-1869. Plaintiffs had been doing business at 22 Pall Mall, under the artificial name of "Guinea Coal Co." Defendant, who had been their manager, set up a rival business under the name of "Pall Mall Guinea Coal Co." at 46 Pall Mall. His envelopes and business cards were printed in such a way as to resemble the plaintiffs'. Injunction was granted.

^{28a} *Blumenthal v. Bigbie*, 30 App. Cas. (D. C.) 118-1908.

^{28b} *Glenny v. Smith*, 2 Drew. & Sm. 476-1865; *Hookham v. Pottage*, L. R. 8 Ch. App. 91-1872.

covered all of a sign except the name of the house which the defendant had left.²⁰

§ 91. **Signs.**—Business signs are not restricted to those bearing the name of the owner of the business or that of the store or business itself. A globe, a device or figure of any sort with which the public comes to associate the business which it advertises, is a sign; and a sign may be made use of by a trader who competes unfairly to defraud a rival of business rightfully belonging to him. Sometimes these signs are descriptive of a particular place and cannot be used apart from that place; but usually the sign goes with the business when it moves and the owner can restrain one moving into the place which he has vacated from using the sign he has been using.

If a name or sign device becomes associated in the public mind with a particular locality to the extent that the name or sign is a sort of finger-post directing them to this one locality,

²⁰ *Glenny v. Smith*, 2 Drew. & Sm. 476-1865. Defendant had been in plaintiffs' employ and started in business on his own account. Over his shop he had his own name, Frank D. Smith, printed in large black letters on a white ground; but on the brass plates under the windows of his shop he had engraved the word "from" in small letters, and the words "Thresher and Glenny" (the name of plaintiffs' firm) in large letters. He had an awning in front of his shop, which, when let down, would cover his own name and expose only the name of plaintiffs' firm. The court held that defendant was deceiving the public, and an injunction was issued. *Croft v. Day*, 7 Beav. 84-1843; *Levy v. Walker*, 10 Ch. Div. 436-1879; *Turton v. Turton*, 42 Ch. Div. 128-1889; *Hookman v. Pottage*, L. R. 8 Ch. App. 91-1872; *Meneely v. Meneely*, 62 N. Y. 427-1875; *Fullwood v. Fullwood*, 9 Ch. Div. 176-1878. *Newark Coal Co. v. Spangler*,

54 N. J. Eq. 354-1896; 34 Atl. 932. Defendant having for some years been engaged in the coal business under the name of the Newark Coal Company (Incorporated), formed, with others, in 1892, a corporation under the same name and transferred to it his business and good-will. He was for four years president and director of the company. He then ceased to be a director or officer, though retaining stock, and went into the coal business on his own account, advertising himself as "Formerly of the Newark Coal Company" and appealing for orders to the customers "who have patronized him and his company for the past eleven years." Held (on application for preliminary injunction), that he should not be enjoined from representing himself as formerly connected with the company. Court disapproves here of *Partridge v. Menck*, 2 Sandf. Ch. (N. Y.) 622-1845.

no concern leaving that locality to settle in another may set up the same sign or use such a name at the new stand.

One will not be allowed to adopt for a sign, a device already in use if likely to lead to confusion. On moving into the neighborhood of a rival using a particular sign, one may not adopt the same sign if this would cause the public to confuse the two places of business. So it has been held of a globe used by one who moved into a store next door to one already using a globe as a sign.³⁰ It is the custom in certain lines of trade, for concerns owning many stores to paint the store fronts a peculiar color, and use a sign of an individual type for the purpose of enabling customers to identify all the various stores as belonging to one concern. Of course, there can be no exclusive right in a color, but how far one can imitate in such cases and not be restrained has not been determined to the writer's knowledge.

Sometimes there is no question as to form or "get up" of the sign in question, but it has been so placed as to cause confusion among those using it, or seeking to be guided by it. For instance, in *McFell Electric & Telephone Co. v. McFell Electric Co.*,³¹ a company was organized to compete with an

³⁰ *Lippman v. Martin*, 5 Ohio N. P. 120; 8 Ohio Dec. 485-1898. Where one moved his clothing store next door to a clothing store called "The Globe" and placed in his windows and in conspicuous places globes representing the earth similar in appearance to those used by "The Globe," and had misleading signs arranged, and, in various ways, endeavored to induce the public to believe that his store was "The Globe" or part thereof, an injunction is warranted restraining him from unfair competition.

³¹ 110 Ill. App. 182-1903. The "McFell Electric and Telephone Company" was organized some years after the "McFell Electric Company" and took offices in the same

building and put its sign on the bulletin board of the building directly above that of the old company so as to give the impression that they were one and the same company. *Held*, "The circumstances justify the inference that it was for some such purpose the location was selected. This is not open and honest competition. It has every appearance of an attempt to mislead the public, and to obtain by deception the benefit of the patronage and clientage enjoyed by appellee. Courts of equity give relief against such violations of the rules of honest and fair dealings. Citing *Merchants' Detective Asso. v. Detective Mercantile Agency*, 25 Ill. App. 250-1888" (at p. 186).

existing company, adopted a name very like that of this older concern, and took offices in the same building. The new company then caused its name to appear on the bulletin-board of the building directly above the older company's name. This was held unfair competition.

Again, one will not be allowed to move into the same neighborhood with a rival and then adopt a sign which is so similar to that of the rival as to admit of the possibility of confusion.

That the courts will restrain the use of certain signs is not to admit that anyone has exclusive property in any shape, size, color, or arrangement used on the sign.³² The real basis of the court's interference is the resulting confusion. If a dentist has already a sign reading "United States Dental Association" and another dentist comes along and exhibits a sign "U. S. Dental Rooms" very like it and customers are misled, the court considers it plainly an attempt to confuse the public and pass off the newer office as the one longer established.³³

³² *Cady v. Schultz*, 19 R. I. 193-1895; 32 Atl. 915; 29 L. R. A. 524.

³³ *Cady v. Schultz*, 19 R. I. 193-1895; 32 Atl. 915; 29 L. R. A. 524. Plaintiff ran dental offices which he called "United States Dental Association," at Providence, R. I. Defendant opened an office in Pawtucket and exhibited signs closely resembling in shape, size, and color those of the plaintiff. "We have no doubt" (said the court, p. 194) "from the evidence that these imitations were intentional." Customers were misled. "We are of the opinion that the complainant can have no property in the shape, size, color, or arrangement of signs, without regard to the letters which they bear, nor can he claim any exclusive use of the words 'Scientific dentistry at moderate prices.' The characteristics of the signs do not differ from those which ordinarily appear in business signs placed as these are. The statement

that a dentist does his work scientifically and charges moderate prices for it is one which any dentist may make and disseminate if he can do so truthfully. It ought to be applicable equally to all members of the profession. Neither of these things tends to injure unlawfully the complainant's business. But we think the use of the words 'U. S. Dental Rooms,' and the use of the letters 'U. S.' upon the windows of defendant's office is a plain attempt to convey the idea that the business carried on there is a branch of the complainant's business, and should be restrained" (id. p. 194). The case of *Colton v. Thomas*, 2 Brewst. (Pa.) 308-1869; 7 Phila. 257, is to the same effect. A simulated card issued by a dentist, or sign put up by him, calculated to deceive the uncautious or unwary into believing that his rooms are those of another dentist, thereby depriving the lat-

These rules apply to signs of all descriptions — on stores, wagons, hats of employees, and all moving vehicles.

§ 92. **Street Addresses, Etc.**—Associated closely with signs and business names are the cases arising over disputes as to the use of the street addresses. It is not necessary to point out that, sometimes, confusion, as in the use of business addresses, may be of serious importance. For instance, "Number 10 South Water Street" was widely advertised by Hall, as the place where he made threshing machines. A rival came along, and located an office in South Water street, but made his goods two miles away. Despite this he advertised that his goods were made at "Number 10 South Water Street." The court held that these facts showed a proper subject for the interference of equity on the ground that, by establishing a

ter of his just business, will be restrained. *Johnson v. Hitchcock*, 3 N. Y. Supp. 680-1888 (Sup. Ct. Sp. Term). Plaintiff, a real estate auctioneer, extensively advertised suburban lots for sale on the installment plan, and used conspicuously in his advertising the representation of a flag with stars arranged in an effective and striking way along the borders. *Held*, that he was entitled to restrain defendant from using an advertisement of a similar kind,—the representation of a flag closely resembling plaintiff's in design. *Goodwin v. Hamilton*, 19 Pa. Co. Ct. 652-1897; 6 Pa. Dist. 705. Where a hotel proprietor maintains, for carrying travelers to and from the station, a line of hacks with the name of his hotel on them, the owner of a rival hack line will be restrained from placing the same words upon his conveyances. *De Youngs v. Jung*, 7 Misc. (N. Y.) 56-1894; 27 N. Y. Supp. 370. Plaintiff used its corporate name, "De Youngs," as a trade-mark or trade name in its photographic business. Defendant, Solo-

mon Jung, then engaged in a similar business one block away from the plaintiff, using, on signs, stationery, etc., the name "The Youngs" in script similar to that employed by the plaintiff, and with a similar dash under the words. Although defendant's business was only two or three years old his circulars referred to the well-known "reputation of our work" and contained copies of medals awarded at the Exhibition of 1876. *Held*, that it was unfair competition. Interlocutory injunction granted. *Eggers v. Hink*, 63 Cal. 445-1883. Plaintiff sold "Philadelphia Beer," and his sign consisted of a row of barrels marked "P. B.," with "Depot of the Celebrated" above, and "Philadelphia Lager Beer" below. Defendant used a similar sign except that "F. B." was substituted for "P. B." and "Fredericksburger" for "Philadelphia." *Held*, that plaintiff's sign could not be protected as a trade-mark—it was rather a description of the beer and for all that appeared, defendant had an equal right to its use.

business at a particular address, the public from the name and description used came to know where or in what manner it was carried on, and hence the owner of it had acquired a property in the name.³⁴

³⁴ *The Glen & Hall Mfg. Co. v. C. S. Hall*, 61 N. Y. 226-1874. For thirty years, Joseph Hall manufactured threshing machines at No. 10 South Water street, in Rochester, N. Y. Defendant, Charles Hall, bought out Joseph Hall and adopted as his trade-mark "The Old Joseph Hall Agricultural Works, No. 10 South Water Street, Rochester, New York." Later, plaintiff, in 1869, opened an office near defendant's, and printed on its bills and signs "The Glen & Hall Manufacturing Company, Number 10 South Water Street, Rochester, N. Y." The plaintiff's shops were not in Rochester and were two miles away from the shops of the defendant. It took the office in Water street and adopted the "Number 10" with the intention of interfering with the defendant's business. *Held*, it was a species of property and on that ground is under the protection of a court of equity. It was not denied by the plaintiff that the words "Number ten" did not correspond to any street number. It was the opinion of the court that the invasion of the defendant's right was a proper ground for the protection of equity and that, in an action brought by the plaintiff, a counter-claim on the part of the defendant alleging that he is the owner of the name that the plaintiff has wrongfully used, and that plaintiff be restrained from such use and be ordered to pay damages will be upheld. "It would follow, from these principles, that if a person had estab-

lished the business at a particular place, from which he has derived, or may derive, profit and has attached to that business a name indicating to the public where or in what manner it is carried on, he has acquired a property in the name which will be protected from invasion by a court of equity, on principles analogous to those which are applied in case of the invasion of a trade-mark" (id. p. 231), and the name may be severed from the place where it has been used, for "It seems plain that if a banking-house has acquired a name, such as that of Baring Brothers, though there were no partner of the name of Baring, it would, on general principles of law, and independent of the statute preventing the use of fictitious names have a property in such name, without reference to the particular place where the business was carried on. Though the name might be inseparable from the business, it would be separable from the premises; so that the business might, for example, be carried on on the opposite side of the street." *Harper v. Pearson*, 3 L. T. N. S. 547. Defendants occupied a place formerly used by Harper & Pearson. They did not have the clay mines used by that firm, but they advertised that they were "late Harpers & Moore." Followed in *Glen, etc., Co. v. Hall*, 61 N. Y. 226-1874. See also *Marsh v. Billings*, 7 Cush. 322. *Croft v. Day*, 7 Beav. 84-1843. The "Day & Martin blacking" was put up in bottles with a label, etc.,

§ 93. **Use of Suffix “& Co.,” Etc.**—One person may use a name with the suffix “& Co.” This fact does not estop him from showing that he alone is the real party in interest.³⁵

§ 94. **Names of Newspapers and Magazines.**—Most of the litigation involving title to newspaper names arises because of the fact that the full name of a paper is seldom used in speaking of it. “The New York Evening Post” and “The Saturday Evening Post” are referred to merely as “The Post.” In London and New York “The Times” is well-known, yet the person using the term in one city does not mean what is commonly meant by the same name in the other city.

containing as the place of manufacture “97 High Holborn.” The article was made by the executors of the surviving partner of Day & Martin, who continued the business in their name. The defendant, Day, a nephew of the testator, associated with a person named Martin and set up a blacking manufactory, using the old firm name and labeling their bottles in a manner closely resembling those of the old establishment. In the cut on the label they, however, substituted the royal arms for those of the original firm, and inserted “90½ Holborn Hill,” in the place of “97 High Holborn.” Lord Langdale said the defendants’ contrivances were calculated to mislead the bulk of the unwary public into the impression that the new concern was connected with the old manufactory and thus to benefit the defendant, to injure the plaintiff, and to deceive the public; and he, therefore, directed an injunction to issue. *Pierce v. Franks*, 15 L. J. (Ch.) N. S. 122 (Jan. 13, 1846). There the complainant was in the habit of selling tooth-brushes and nail-brushes on which were stamped “Smyth’s Bond Street,” that being the trade-mark to which he was

entitled; and they also had stamped on them certain figures and letters which were his private marks, and were used to distinguish the different sizes and patterns. The bill alleged that the defendant made and sold brushes which were stamped with the same words and the same private trade-marks. An injunction was granted restraining the defendant from selling brushes on which “Smyth’s Bond Street” was stamped. *Street v. Union Bank*, 30 Ch. Div. 156–1885. Street & Co., of Cornhill, for a long time used “Street, London,” as a telegraphic address. In 1882 same words were registered as telegraphic address of defendant. Injunction asked. Plaintiff was advertising concern. Defendant was a bank. Their business did not conflict. *Held*, that “All the court is asked to prevent is merely an inconvenience. To my mind, the Union Bank of Spain and England has done nothing unlawful” (at p. 158).

* *Jones v. Goodrich*, 17 Ill. 380; *Moller v. Lambert*, 2 Campb. 548; *Teed v. Elworthy*, 14 East 210; *Greenleaf Evidence* 278.

Consequently, when two papers are set up in the same locality having names which when used in common parlance will be confusing, some legal adjustment is required to preserve the rights of the owners of each paper in its name. If some one should start in New York the "Manhattan Herald" as a morning paper and put it out in form in any way resembling the present "New York Herald," the latter paper would have reasonable grounds for demanding judicial interference.

The rules which apply to such cases are very similar to those spoken of in connection with trade names; and the use of such names will be forbidden or regulated where deception or the likelihood of fraud is shown.³⁶

The same may be said also of publications other than newspapers, such as magazines, sheet music, and music-books, series of books, encyclopedias, dictionaries, directories, and the like.

There can be no copyright property acquired in such a name as "The Mail," "The Post," "The Herald." The "London Times" could not restrain the publishing of a "Newcastle Times" or a "Bristol Times" in those towns. Yet it could doubtless restrain a rival from setting up, at London, a competing paper as "The London Morning Times." For instance to start "The Grocer" when the "American Grocer" was being published and was commonly known as "The Grocer" was held unfair.³⁷

³⁶ *Robertson v. Berry & Co.*, 50 Md. 591-1878. A publication is property and there is no reason why it should not be the subject of the law's protection. To put out a colorable simulation of it, which may mislead the public into supposing that it is the literary article they had in mind to obtain and read, is an act of deception which injures the publishers. *Munro v. Tousey*, 129 N. Y. 38-1891; 29 N. E. 9; 14 L. R. A. 245n.

³⁷ *American Grocer Publishing Assn. v. The Grocer Publishing Co.*, 25 Hun (N. Y.) 398-1881. Plaintiff for many years had published the

"American Grocer," which was known commonly as the "Grocer." In 1875 its editor resigned and started "The Grocer" on the same block in New York on same side of the street. Later the plaintiff moved and the defendant did likewise, to the same block as plaintiff again. *Held*, that decision below refusing injunction was error. *Walter v. Emmot*, 54 L. J. (Ch.) N. S. 1059-1885. "The Evening Mail" began to be published in 1789, and in 1868 the name was changed to "The Mail." The defendant began to publish "The Morning Mail" in 1885. Plaintiff al-

Newspapers and other periodicals are individuals and have peculiar traits which are of value to them just as persons have like qualities. Each has a name which may be a fanciful one created for it or it may be a combination of common words of the language. In either case it is of prime and essential im-

leged that defendant's paper would soon become "The Mail," and had already begun to be so called, and hence the public would be misled to the injury of plaintiff. Evidence of letters and business intended for plaintiff, which had gone to defendant, was admitted, and other evidence of confusion. *Held*: "It is not a question of property; it is a question whether what has been done by the defendant is in reason calculated to induce people to take his goods as those of the plaintiff, or, in other words, to pass off his goods, whatever they may be, as the goods of the plaintiff" (id. p. 1061). Lord Lindley said: "The name of a paper is a very valuable property. There is no doubt about that; but it is property of a very peculiar kind. The owner of a newspaper has not a copyright in the name, and what is quite as important in the legal point of view as the name, is that to which the name is annexed and which that name denotes. Take the expression 'The Mail' or 'The Times,' there is no copyright in that expression, and the same words may be used with impunity with reference to other matters, or in other places where there is no possibility of infringing anything like a trade-mark." *Clement v. Maddick*, 5 Jur. N. S. 592-1859. The proprietor of "Bell's Life in London and Sporting Chronicle" obtained an injunction restraining the proprietors of the "Penny Bell's Life and Sporting

News" from using any title which included "Bell's Life," by which name the complainant's paper was known familiarly. *Commercial Advertiser Assn. v. Haynes*, 49 N. Y. Supp. 938-1898 (head-note): "A newspaper will not be restrained from using the name 'New York Commercial,' in connection with a vignette between the words 'York' and 'Commercial' and with another title in conspicuous letters immediately beneath the name, because of its similarity to the name of a newspaper, 'The Commercial Advertiser,' where the type and arrangement are dissimilar; where one is an evening paper, devoted to general news, and the other is a morning paper, which confines itself to commercial, financial, and shipping news, and the price is different; where the only evidence of injury is that orders for advertising intended for plaintiff are frequently addressed to the 'Commercial,' and that other papers in quoting from plaintiff's paper frequently give credit to the 'New York Commercial;' and where the only evidence of injury consists in expressions of opinion, which are controverted by other witnesses,—since the facts do not justify the conclusion that the use of the name by the defendant is calculated to deceive any purchaser or advertiser of common intelligence." *Bell v. Locke*, 8 Paige (N. Y.) 75-1840. Plaintiff published a paper entitled the "Democratic Republican New Era."

portance to the paper that its identity be not lost, that it be not confused with any other paper. The New York Sun strives for and possesses a real individuality — a mental and intellectual attitude which is an ear-mark on all its work. A paper has principles, it has a creed, it has a history, a past

Defendant had formerly been associated with plaintiff in the issue of a paper called the "New Era," but its publication for more than a year and a half had been discontinued. Defendant now began to publish a paper called the "New Era, revived by Richard Adams Locke, its original editor." The device or emblem at the head of defendant's paper differed considerably from that on the plaintiff's paper. *Held*, that there was no such probability of deception as to entitle plaintiff to restrain defendant from publishing his paper under the title "New Era." *Forney v. Engineering News Publishing Co.*, 10 N. Y. Supp. 814—1890. Plaintiff published a monthly periodical of limited circulation called "The Railroad and Engineering Journal," resulting from the consolidation of the two periodicals, one of which was known as "The American Railroad Journal." Plaintiff's periodical was sometimes called "Forney's Railroad Journal." Defendant published a weekly periodical which, after several changes, was called "Engineering News & American Railway Journal." The abbreviated title "Engineering News" was used on letter-heads and was the title by which the paper was ordinarily known. *Held*, that in the absence of evidence that actual confusion resulted, plaintiff was not entitled to restrain defendant from using the words "Railway Journal." *Borthwick v. Evening Post*, 37 Ch. Div. 449—1888. Plaintiff owned the Morning Post; defendant the Evening Post. Action brought to restrain defendant from the use of the word "Post" or any title of which that word formed a part. The papers were different in many respects. Defendant gave evidence that the word "Post" had been applied to newspapers frequently in the past in England. The Morning Post was established in 1772. There was evidence of several cases of actual deception. Perpetual injunction granted restraining the defendant from using the words "Evening Post." On appeal this judgment was reversed, the court holding that they are asked to draw the inference that the defendant assumed the name "Post" with the intention of obtaining part of the trade of the plaintiff from the fact that there have been applications to the Morning Post for twenty copies of the Evening Post, but there is no evidence that a single copy less of the Morning Post has been sold by reason of the defendant's action. *Held*, that this was not enough to warrant the interference of the court. The court also put its decision on the ground that the two papers were not competing papers, inasmuch as one was a morning and the other an evening paper; that the get-up of the papers were different. That the court should be satisfied that the pocket of the plaintiff will be injured before they granted an injunction.

good or bad, which it must live up to or live down. In the one case it is important to its owners that it shall not lose its identity and in the other it is of importance to the community that it be known for itself and not be able to mask under the name of a more respectable neighbor.³⁸

Mr. Browne, in his treatise upon Trade-Marks, sections 415 to 418, presents a very interesting synopsis of some French cases. In one of them, the plaintiff's journal, the "Moniteur Universel" had become known as the "Moniteur." The defendant's paper adopted the title "Moniteur Officiel" of the French Empire. It was held, that the title of a journal is property, and the use of the word Moniteur, either singly or

³⁸ *Matsell v. Flanagan*, 2 Abb. Pr. N. S. (N. Y.) 459-1867 (Com. Pl.). Plaintiffs published the "National Police Gazette," which was commonly known as the "Police Gazette." The defendants published a paper which was an imitation of the plaintiff's paper, with nearly the same title and device, called "The U. S. Police Gazette." *Held*, that the doctrine that trade-marks shall not be simulated rests upon the broad principle of protection of the public. "A newspaper establishment is not excluded from the advantage of these rules. It is a species of property, and the rights which appertain to it, so far as they are private and exclusive, are entitled to the protection of the laws. *Snowden v. Noah*, 1 Hopk. (N. Y.) 348-1825; *Bell v. Locke*, 8 Paige N. Y.) 75-1840. "The title of a newspaper may be a purely original one, and the proprietor for that reason entitled to its exclusive use. He may create a word, or combination of words, for the particular designation of his paper, and in that way acquire an exclusive right to the use of the name employed. He may combine, as the

plaintiffs have, well-known English words in common use, to designate his paper, and its contents may in many respects be multiplied by publication in other prints, but the paper will, nevertheless, be original in some, if not in many, respects. The individualities of editorial life are as rarely duplicated as those displayed in other pursuits; and the intellectual vigor distinguishing the character and value of different prints, though equal in power, will be essentially different in thought,—in the principles announced and advocated, and in the reasoning by which the same theories are advanced and sought to be established. A newspaper in its commanding elements is the result of mental labor, and should be protected to the same extent, at least in the use of symbols, names, and marks, as any other property. It may be that, as it changes from day to day or week to week, and is more or less re-created by each publication, becoming as it were the mirror as well as the chronicler of the times, it is better entitled to such protection by reason of its multiplied originality."

with the qualifications "Officiel," was enjoined for the reason that it incontestably appeared that the "Moniteur Universel," whether as a daily, political, and literary sheet, or, as an historical collection, had always been known by the simple title "Moniteur." In another case in which the publication was the "Press," the "Free Press" was enjoined, although the papers belonged to different parties and addressed themselves to different classes of readers.

In another case, the defendants having adopted the title "Petit Journal," which was the title of the paper published by the plaintiffs, added the words "de la Somme" which were printed in smaller characters. The judgment declares that the title of a journal is the exclusive property of its founder, and to give to a new journal the title already belonging to another would be a usurpation of property, and consequently an act of an unlawful competition. An injunction was therefore granted forbidding the further use by the defendants of the words "Petit Journal."

The locality in which a paper or magazine is circulated is an important element in determining the rights of the parties to the name of it. Two papers may have identical names and no loss results, if they do not reach the same territory and are not read in the same communities. In a recent case of this sort the difference in size, appearance, price, lack of proven intent and difference in locality formed basis for a refusal of injunction by the court.⁸⁰

§ 95. Names of Plays, Books, Text-books, etc.—The publication or production of a play by one not entitled to use its

⁸⁰ *Investor Publishing Co. of Mass. v. Dobinson*, 82 Fed. 56-1897 (C. C. S. D. Cal.). A corporation is not entitled to an injunction restraining another corporation from publishing a periodical bearing a name similar to its own publication where the two periodicals are published in distant states, and the names are used with distinguishing characteristics which render injury to complainant improbable, in the absence of proof

that such injury has actually occurred. *Gannett v. Ruppert*, 127 Fed. 962-1904 (C. C. A. 2d Cir.), reversing 119 Fed. 221. Complainant, publishing a monthly family magazine of wide circulation entitled "Comfort," held entitled to an injunction against the publication of a monthly paper under the title of "Home Comfort," which covered a somewhat similar field, and circulated, in part at least, in the same territory.

name or its subject-matter will be enjoined under the rules of unfair competition, on the ground that both the rightful owner and the public are entitled to protection against spurious plays, viz., which are represented to be what they are not.⁴⁰ The same rule holds regarding magazines⁴¹ and text books on the ground of various resemblances of form, size, binding, printing, general get-up, title, etc., entirely aside from questions of copyright,⁴² on the book or series of books.⁴³

"Hopkins Amusement Co. v. Frohman, 103 Ill. App. 613-1902.

"Investor Publishing Co. of Mass. v. Dobinson, 72 Fed. 603-1896 (C. C. S. D. Cal.). Plaintiff publishes "The United States Investor." Defendant began to publish the "Investor" which he stated to be published by the Investor Publishing Company. Injunction was granted.

"Metsler v. Wood, 8 Ch. Div. 606-1878. "Hemy's Royal Modern Tutor for the Pianoforte" was published by plaintiff and was a most valuable work. Defendant employed Hemy to revise an old work of Jousse, which was published as "Hemy's New and Revised Edition of Jousse's Royal Standard Pianoforte Tutor." The two works were similar in size and form, but the color of the plaintiff's work was yellow and that of the defendant's gray. "When the defendant came to print the cover, fair trading required that the exterior of the work should bear the name of Jousse as the prominent word, and that the name of Hemy as editor should be made subordinate. * * * The plaintiff's book was no doubt commonly spoken of as 'Hemy's Pianoforte Tutor,' for people in speaking of or ordering a book do not commonly use the full title." Purchasers asking for plaintiff's book had been given defend-

ant's. *Held* unfair competition. Cotton, L. J., said: "Anyone learning that 'Hemy's Pianoforte Tutor' was the best for beginners, and going into a shop where he was shown the work published by the defendant would naturally say: 'Oh this is no doubt it, this is Hemy's, I will take it.'" (id. p. 612). *Potter v. McPherson*, 21 Hun (N. Y.) 559-1880. Since 1863 plaintiffs made "Payson, Dunton and Scribner's National System of Penmanship," which became known as the "National System of Penmanship." Defendants published "Independent National System of Penmanship." The name and system were never copyrighted or patented. *Held*, "an inspection of the books discloses the facts that they are published substantially in the same form so far as general appearance, binding, and color of the covers are concerned; and upon the cover of the defendants' book the phrase 'National System of Penmanship' which has long been title of the plaintiffs' publication is printed in the same manner, the same size and form of letters, and occupying the same position as they do upon the cover of the plaintiffs' book. The resemblance of the words and letters composing the phrase is as complete as it could well be made * * * and the conclusion seems to be well warranted

Reprints and restatements of books in other language accompanied by unfair statements to the effect that the reprint is really the original, will be enjoined.⁴⁴

that . . . it was the result of design upon their part to imitate the plaintiffs' book" (id. p. 565). Injunction restraining use of phrase "National System of Penmanship." *Mack v. Petter*, L. R. 14 Eq. 431-33-1872. Plaintiff published "The Birthday Scripture Text Book." Defendant then published "The Children's Birthday Text Book." Master of Rolls Romilly held: Defendants "are not entitled to publish a work with such a title, or in such a form as to binding or general appearance, as to be a colorable imitation of that of the plaintiff."

"*Social Register Assn. v. Howard*, 60 Fed. 270-1894 (C. C. N. J.). Complainant published in New York, from time to time, a list of names and addresses of persons of social standing in New York and its vicinity, including Orange. This publication was entitled, and became well known as the "Social Register." Held, that this title would be protected as a trade-mark, and that defendant would be enjoined from applying the name "Howard's Social Register" to a similar list of selected persons residing in Orange. *Social Register Assn. v. Murphy*, 128 Fed. 116-1904 (C. C. R. I.) (head-note): "While the words 'Social Register,' adopted as the title of a series of books containing lists of persons selected by the compiler, may in association, constitute a trade-mark, neither word alone can be so appropriated, and the fact that complainant published such a book under the title 'Social Register, Newport,' does

not entitle it to enjoin the use by defendant of the title 'Newport Social Index' for a similar publication, there being no proof that any deception was intended or resulted, such as to constitute unfair competition." *G. & C. Merriam Co. v. Straus*, 136 Fed. 477-1904 (C. C. S. D. N. Y.). Complainants, publishers of Webster's Dictionaries, charged the defendants, although there was no copyright infringement, with unfair competition in the manner in which they had used the word "Webster's." "But there may be a commercial property in books as well as a literary property, and when a publisher has imparted to his books peculiar characteristics which enable the public to distinguish them from other books embodying the same literary property, and to recognize them as his peculiar product, there is no reason why the principles which interdict unfair competition in trade should not afford him protection against the copying of the characteristics by rivals" (per Wallace, J., at p. 479).

"*Black v. Ehrich*, 44 Fed. 793-1891 (C. C. S. D. N. Y.). Complainants published the "Encyclopaedia Britannica" in Great Britain, and put it upon the American market through authorized publishers. Defendant offered to the public a cheap reprint of the work, with the same name and the same contents, except that a few articles copyrighted in the United States were replaced by other matter. The advertisements represented the work as an American re-

print, with certain articles rewritten, and there was no evidence of an attempt to mislead the public as to the identity of the work. *Held*, that defendants were at liberty to publish the volumes under the title "Encyclopaedia Britannica." *Harper & Bros. v. Lare*, 103 Fed. 203-1900 (C. C. A. 3d Cir.). Complainant published a book entitled "Farthest North," Nansen, translated from the Norwegian original, written chiefly by Dr. Nansen. Defendants subsequently published a book entitled "The Fram expedition. Nansen in the Frozen World. Including earlier Arctic Explorations," which contained part of the same matter as complainant's book, with a number of similar illustrations. It differed so much, however, from complainant's book, in cover and title page, that no one of ordinary intelligence could mistake one for the other. No deception in advertising was shown on defendant's part. *Held* no unfair competition. *Maxwell v. Hogg*, L. R. 2 Ch. App. 307-1867. Hogg, in 1863, registered an intended new magazine to be called "Belgravia." He did nothing further until 1866 when Maxwell, ignorant of what Hogg had done, projected a magazine with the same name, incurred considerable expense in preparing it, and during August and September advertised it extensively as about to appear in October. Hogg then hastily prepared to bring out his own magazine before Maxwell's could appear, and published it September 25th. Maxwell's magazine appeared in October. Hogg had given Max-

well no notice or caution prior to September 25th, and had even accepted from Maxwell an advertisement of Maxwell's magazine to appear in publications of Hogg. *Held*, that Maxwell's advertisements and expenditure gave him no exclusive right to use the name "Belgravia," and that Hogg, on the other hand, had acquired no such right by what he had done, and that neither party was entitled to an injunction as against the other. *Estes v. Worthington*, 31 Fed. 154-1887 (C. C. S. D. N. Y.). Plaintiff was the American publisher of an annual series of juvenile books, which had for many years been widely known and popular under the name "Chatterbox." The books were marked by distinctive characteristics as to cover, printing, etc. Defendant published various juvenile books bearing upon the covers the title "Chatterbox," and simulating in appearance and decoration the series published by plaintiff. *Held*, that defendant was not entitled to the use of the title for such books, especially when coupled with an imitation of the general appearance of the books. *Estes v. Leslie*, 27 Fed. 22-1886 (C. C. S. D. N. Y.). Complainants had the American rights for an English series of juvenile books called "Chatterbox." Defendants published books under the name "Frank Leslie's Chatterbox," employing the same method of selection and illustration, square form and style of binding, and vignette. Injunction granted against defendants.

CHAPTER VIII.

CORPORATE NAMES.

- SECTION** 96. Effect of a state charter on names of corporations.
97. Foreign and domestic corporations — rights of, as to name.
98. Right to name on dissolution.
99. Names of charitable corporations.
100. Names of fraternal societies.
101. Abbreviations of corporate names.
102. Affirmative duty to differentiate in choosing corporate names.
103. Priority in time of use of a name is ground for injunction.
104. Use of term "works," "company," etc., by a concern not incorporated.
105. Outgoing stockholders and employees.
106. False or misleading use of corporate names.
107. Names of unincorporated societies, clubs, etc.
108. Similarity of corporate names, what is.

Chief Justice Fuller contends that there are no distinctions to be drawn in the rules which apply to names used as corporate names and those used in a firm or partnership. "But if every man has the right to use his name reasonably and honestly, in every way, we cannot perceive any practical distinction between the use of the name in a firm and its use in a corporation. It is dishonesty in the use that is condemned, whether in a partnership or corporate name, and not the use itself."¹

Personal names, like one's parents, are not of one's own choosing; but a corporate name is chosen by the incorporators themselves; hence it is in their power to make it what they will. That being the case, their rights arising from its possession are less important and their responsibility for its use is greater than in the case of their own personal names.

The rules laid down in the cases cited under the head of Family Names are in a general way applicable to such corpo-

¹ *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118—1905, at p. 136; 49 L. ed. 972; 25 Sup. Ct. 609.

rate names as are, in part or in whole, made up of family names. Courts deal with corporate names just as they deal with family names. No advantage accrues to a name of a corporation because it is borne by a corporation.²

§ 96. Effects of a State Charter on Names of Corporations.

—The statutes of the various states provide for the registration of corporate names, but forbid the registration of names so nearly identical with those already registered as to create confusion, or the incorporation of two companies which bear such similar names. The fact that the defendant corporation, in a suit for unfair competition involving its name, has been chartered by some state government, does not afford it a complete defense or immunity from action against it in a federal court or state court by a corporation of another state, where

² *Celluloid Mfg. Co. v. Cellonite Mfg. Co.*, 32 Fed. 94-7-1887 (C. C. N. Y.). "As to the imitation of the complainant's name. The fact that both are corporate names is of no consequence in this connection. They are the business names by which the parties are known, and are to be dealt with precisely as if they were the names of private firms or partnerships. The defendant's name was of its own choosing, and, if an unlawful imitation of the complainant's, is subject to the same rules of law as if it were the name of an unincorporated firm or company. It is not identical with the complainant's name. That would be too gross an invasion of the complainant's right. Similarity, not identity, is the usual recourse when one party seeks to benefit himself by the good name of another." *Chas. S. Higgins Co. v. Higgins' Soap Co.*, 144 N. Y. 462-68-1895; 39 N. E. 490; 27 L. R. A. 42. "In respect to corporate names the same rule applies as to the names of firms or individuals, and an injunc-

tion lies to restrain the simulation and use by one corporation of the name of a prior corporation which tends to create confusion and to enable the latter corporation to obtain, by reason of the similarity of names, the business of the prior one. The courts interfere in these cases, not on the ground that the state may not affix such corporate names as it may elect to the entities it creates, but to prevent fraud, actual or constructive." Per Andrews, C. J. *Haselton Boiler Co. v. Haselton Tripod Boiler Co.*, 137 Ill. 231-33-1891; 28 N. E. 248. "The right of a corporation to the use of its name can be no greater or different in principle than that of an individual." *Merchants' Detective Assn. v. Detective Mercantile Agency*, 25 Ill. App. 250-1888. A corporate name "is entitled to be protected in its use upon the same principle and at least to the same extent that individuals are protected in the use of trade-marks" (at p. 255).

the name adopted is used to compete unfairly with the complainant company.³

The incorporation of an organization does not alter in any way its rights, as against those of another body using the same or a similar name. The act of incorporation gives it no right to demand that a rival desist from using the common name. If damage is suffered by the corporation it must bear it; for it arises out of the folly of deliberately incorporating under a name the incorporators knew was already being used. Furthermore, persons desiring to incorporate under a name they have previously used as the name of an organization not incorporated, are not barred from so doing because of the fact that others had incorporated under that name subsequent to the time they began to use it as a name of an unincorporated organization. If they were the first to use the name and to become known by it, they cannot be denied the right to incorporate under that name, because others have adopted their name, and preceded them in incorporating under it. Any damage resulting to the plaintiffs from such incorporation is chargeable to their folly in choosing a name already in use.⁴

³ *Peck Bros. & Co. v. Peck Bros. Co.*, 113 Fed. 291-1902; 62 L. R. A. 81 (C. C. A. 7th Cir.). "The fact that a corporation has been chartered by a state under a certain name, which it selected, does not afford it immunity from a suit in a federal court by a corporation of another state to enjoin it from prosecuting its business under such a name, where the name was deliberately adopted by its incorporators in imitation of complainant's, for the fraudulent purpose of deceiving the public and appropriating complainant's good-will and reputation" (reporter's note). *Fort Pitt Building & Loan Assn., etc. v. Model Plan Building & Loan Association*, 159 Pa. St. 308-1893; *Newby v. Oregon Central Ry. Co.*, 1 Dedy 609-1869; Fed. Cas. No. 10,144.

⁴ *Grand Lodge of the Ancient Order of United Workmen of the State of Iowa v. Graham*, 31 L. R. A. 133-1895; 96 Iowa 592; 65 N. W. 837. The court's opinion in this case was substantially as follows: The question is on the exclusive right of the plaintiff to the name Grand Lodge of the Ancient Order of United Workmen of Iowa and the letters G. L. A. O. U. W. of Iowa. It was argued that incorporating under this name and receiving a certificate from the state to do business under this name, the plaintiff became entitled to its exclusive use. The defendants had the prior right to the name, and the fact that they were not incorporated is wholly immaterial. The plaintiff in amending its articles of incorporation, and in securing its certificates from the

§ 97. Foreign and Domestic Corporations — Rights of, as to Name.— Foreign corporations must be subordinated to domestic corporations so far as the policy of any state is concerned; for a state is bound to protect and assist first those companies incorporated under its own laws. The rights of a company in any state, except its home state, are based on comity. Rights of citizens of other states must be subordinated to the rights of the domestic company. The Illinois courts go so far as to hold that a foreign company has no

state auditor have taken the name which was formerly used by the defendants, and of which they cannot be deprived simply because the plaintiff sees fit to use it as its corporate name. A corporation cannot insist, after recording its articles, that any person or persons abandon the name which they have previously selected and under which they are operating. Any damage resulting is due to the folly and indiscretion on the part of the second corporation in selecting a name already in use. *Lane v. Brothers & Sisters of the Evening Star Society*, 120 Ga. 355—1904; 47 S. E. 951. An incorporated mutual benefit society, the "Brothers & Sisters of the Evening Star Society," maintained or controlled a dependent or branch society, not separately incorporated, entitled "Sons and Daughters of the Evening Star Society." Certain persons, who had been officers of the branch society, repudiated the authority of the incorporated society, and applied for a corporate charter under the name of "Sons and Daughters of the Evening Star Society." *Held*, that they should be restrained by injunction from prosecuting their application for a charter under this name. The injunction covered other matters

also; such as the control of bank funds, etc. *American Clay Mfg. Co. of Pa. v. American Clay Mfg. Co. of N. J.*, 198 Pa. St. 189—91—1901; 47 Atl. 936. Both parties possessed the corporate name "American Clay Manufacturing Company." Complainant was organized in Pennsylvania, defendant in New Jersey. Plaintiff made brick for buildings and contemplated making fire-proofing brick. Defendant made fire brick and sewer pipes. Later defendant put under its name the words, "of New Jersey" in red ink. No intended injury is alleged, but much confusion resulted because of the similarity of the names. Defendant incorporated subsequently to the plaintiff and began to do business in Pennsylvania after plaintiff had begun business there. *Held*: "In case of associations voluntarily formed and named, whether chartered or not, there is an opportunity to avoid such difficulty by refraining from choosing a name identical with, or similar to, that of associations already in existence." The defendants' name caused plaintiff injury and plaintiff had no remedy at law, and hence the case was within the jurisdiction of equity. *Held* also that the injury was not *de minimis*.

standing in its courts to contest a right to use a name which the state has bestowed on one of its own companies.⁵

We do not believe this doctrine is generally followed. Most jurisdictions prefer the common-law rights which may be acquired in a name to the rights which a company acquires by the mere act of incorporation.⁶

§ 98. Right to Name on Dissolution.—It has been held that where a corporation has ceased to exist, the incorporators are partners so far as the name goes, and all have an equal right to it. It would seem that those of them who first use the

⁵ *Hazelton Boiler Co. v. Hazelton Tripod Boiler Co.*, 142 Ill. 494-1892; 30 N. E. 339. "The Hazelton Boiler Company" was organized June 23, 1888, in New York. "Hazelton Tripod Boiler Company" was organized February 29, 1888, in Illinois. Plaintiff was, therefore, incorporated after defendant. "But the complainant is in the attitude of a foreign corporation coming into this state and seeking to contest the right to the use of a corporate name which this state, in furtherance of its own public policy and in the exercise of its own sovereignty, has seen fit to bestow upon one of its own corporations. For such a purpose, a foreign corporation can have no standing in our courts. Such corporations do not come into this state as a matter of legal right, but only by comity, and they cannot be permitted to come for the purpose of asserting rights in contravention of our laws or public policy. It is competent for this state, whenever it sees fit to do so, to debar any or all foreign corporations from doing business here, and whatever it may do by way of chartering corporations of its own, cannot be called in question by corporations which are

here only by a species of legal sufferance" (id. p. 505). The United States courts have refused to follow this case.

⁶ *Farmers' Loan & Trust Co. v. Farmers' Loan & Trust Co. of Kansas*, 1 N. Y. Supp. 44-1888; 21 Abb. N. C. 104. *Blackwell's Durham Tobacco Co. v. American Tobacco Co.* (N. C.), 59 S. E. 123-1907. Plaintiff, a domestic corporation, sought to enjoin a defendant, "Blackwell's Durham Tobacco Company of New Jersey," from conducting a competing business under that name. It was not alleged or shown that plaintiff had been incorporated, or had used the name in business, prior to its use by defendant. *Held*, that plaintiff was not entitled to the injunction; that the fact that it was a domestic corporation did not entitle it to use its name as against the rights acquired by user by the foreign corporation; and that plaintiff could not raise the point that defendant had not complied with the statutory requirements for doing business in North Carolina, this being a matter that could be availed of only by the state.

name, without objection on the part of the others, would be entitled to it.⁷

§ 99. **Names of Charitable Corporations.**—The fact that a corporation is an eleemosynary or charitable one and has no goods to sell, and does not make money, does not take it out of the protection of the law of Unfair Competition. Distinct identity is just as important to such a company, oftentimes, as it is to a commercial company. Its financial credit—its ability to raise funds, its general reputation, the credit of those managing it and supporting it, are all at stake if its name is filched away by some other organization, and the two become confused in the minds of the public. The existence of two charitable organizations in one city — or even in one section of the country, both of which bore names in which the words “Young Women’s Christian Association” appeared, could not but be a distinct injury to one or the other. The evils of such a condition are clearly shown in the cases given in the note below.⁸

⁷ *Ottoman Cahvey Co. v. Dane*, 95 Ill. 203–1880. In 1875 defendants and Adams organized a corporation under laws of Michigan called “the Ottoman Cahvey Co.,” which did business in Chicago. In 1878 Adams and others organized a corporation under the Illinois laws — “The Ottoman Cahvey Co.,” located in Chicago. This company was the complainant. Held, so far as complainant was concerned, defendants had a prior right to the name. Defendants had as much right to use the name as the complainant. As the complainant had shown no equitable ground for relief the bill was dismissed. The ground on which the complainant asked relief was that the Michigan corporation no longer legally existed. That being so, the incorporators were partners and had a right to any name they saw fit to use.

⁸ *International Committee Y. W. C.*

A. v. Y. W. C. A. of Chicago, 194 Ill. 194–1902; 62 N. E. 551; 56 L. R. A. 888. The appellee is one of a large number of associations of women, who have operated under the name of “The Women’s Christian Association” or “The Young Women’s Christian Association.” Appellee incorporated in 1877 under the name “The Women’s Christian Association,” which name was, in 1887, changed to “The Young Women’s Christian Association of Chicago.” Two local associations had been organized in Chicago, the previously chosen field of appellee, under the names, respectively, of ‘The North Chicago Young Women’s Christian Association,’ and ‘The West Chicago Young Women’s Christian Association,’ and in furtherance of that work the appellant has issued and circulated through the mails a publication known as ‘The Young

The New York Supreme Court, on application for preliminary injunction, has held that a corporation organized for purposes of gain should not be allowed to use words or names which have "acquired a special application by reason of the charitable nature of the plaintiff's services to the poor and helpless."⁹

Women's Christian Association Quarterly,' which was latterly succeeded by 'The Young Women's Christian Association Evangel.' "Much confusion has arisen on account of the similarity in name of the appellant and appellee. Letters intended for the one have been delivered to the other, visitors intending to call upon the one have called upon the other, and donations intended for the one have been received by the other." * * * (at pp. 197, 198). "Such name was adopted by the appellant advisedly, and for the purpose of leading the general public, and the persons with whom it was likely to be associated, and from whom it hoped and expected to obtain support by way of donations, to believe that it stood as the committee and representative of the associations known as 'The Young Women's Christian Association,' then organized in the field where it expected to operate. * * * Such conduct, in law, amounts to a fraud upon the public and appellee. While it is true that generic terms or mere descriptive words are the common property of the public, and not ordinarily susceptible of appropriation by an individual, that fact will not prevent the issuing of an injunction to restrain the use of such terms and words, at the suit of one who has already adopted them, where the evidence shows a fraudulent design and

the public will be misled" (id. p. 199). "We are of the opinion the Appellate Court properly held that the name of the appellant is so similar to the name of the appellee and so arranged as to deceive and mislead the public into believing that the appellant is the appellee, or a committee or representative of appellee and the conference with which it affiliates, and properly directed the superior court to grant a perpetual injunction against the appellant, restraining it from using the name 'International Committee of Young Women's Christian Association,' or any other colorable imitation thereof, etc., as prayed for in said original and supplemental bills" (id. p. 201). The fact that a name is not used in a commercial business or trade will not prevent equity enjoining its use where such use interferes with some other name. "The right to injunctive relief depends upon the use by one party of a name or corporate designation of another so as to interfere with its business, whatever it may be — not necessarily a commercial or trading business." *The Society of the War of 1812 v. The Society of the War of 1812 in the State of New York*, 46 App. Div. (N. Y.) 568-1900, 62 N. Y. Supp. 355.

⁹ *Legal Aid Society v. Wage Earners' Legal Aid Assn.*, N. Y. L. J., April 21, 1908, Dowling J.

§ 100. **Names of Fraternal Societies.**—Members of a fraternal society may withdraw and organize a corporation under any name they desire, provided they do not choose one so like that of the order they have left as to cause confusion. The name “Improved Order of Knights of Pythias” was held not to be unfair to the organization known as “Knights of Pythias.”¹⁰

§ 101. **Abbreviations of Corporate Names.**—Corporate names, like personal names, are used as trade names; but the weight of authority is against the proposition that a corporate name is a trade-mark. In *Newby v. Oregon Cent. Ry. Co.*,¹¹ it was held that “the corporate name of a corporation is a trade-mark from the necessity of the thing.” (Head-note.) *Merchants’ Detective Assn. v. Detective Mercantile Agency*,¹² and *Investor Publishing Co. of Mass. v. Dobinson*,¹³ are to the same effect. “Although not technically a trade-mark, the authorities are in favor of holding that a corporate name deserves the same consideration as a trade-mark; some even going so far as to hold that it is a trade-mark, and will be protected as such. In most of these cases, however, it will be found that the use of the name was connected with some article of merchandise, and was adopted and used by a manufacturer, mer-

¹⁰ *Grand Lodge, Knights of Pythias v. Creswill*, 128 Ga. 775-1907; 58 S. E. 163. Preliminary injunction granted against the obtaining of a corporate charter by persons who had been acting and who proposed to incorporate under a name claimed to infringe plaintiffs’, and to have been selected with fraudulent intent. *Supreme Lodge, Knights of Pythias v. Improved Order Knights of Pythias*, 113 Mich. 133-1897; 71 N. W. 470; 38 L. R. A. 658. Complainant was incorporated by special act of congress, there being already a voluntary association known as the “Knights of Pythias.” Certain members of the Knights of Pythias withdrew and organized themselves into

an unincorporated society known as the “Improved Order of Knights of Pythias.” Held, that defendant’s name was not calculated to mislead. “While members withdrawing from a fraternal society are not at liberty to associate themselves under a name so like the name of the parent order as to be calculated to deceive ordinary persons proceeding with ordinary care, they may, subject to this limitation, use any derivative of such name that they may see fit to employ” (from head-note).

¹¹ 1 Deady 609-1869; Fed. Cas. No. 10,144.

¹² 25 Ill. App. 250-1888.

¹³ 72 Fed. 603-1896; modified in 82 Fed. 56-1897.

chant, or corporation in order to designate the goods that they manufactured or sold and to distinguish them from those manufactured or sold by others, to the end that they might be known in the market as his." ¹⁴

Corporate names or parts of these names when used to designate goods or business houses, or as trade "nicknames," are trade names pure and simple, in most instances, and can be protected as such. The commercial nickname, or abbreviated name, is often more valuable, far better known, and more carefully guarded from use by rivals than the formal or full name from which it is taken. Hence it is that the law of trade names applies fully to the names of corporations. "U. M. C." for Union Metallic Cartridge Co.; "Winchester," for Winchester Repeating Arms Co.; "Equitable," for Equitable Life Assurance Society; "C. B. & Q.," for Chicago, Burlington & Quincy; "B. & A.," for Boston & Albany, are instances of such nicknames. One hears or sees the full corporate name used seldom in comparison to the number of times the nickname is used. And these abbreviations are capable of protection under the rules of Unfair Competition. A corporation will be enjoined, regardless of its actual name, if it does business under any name which is similar to that of a rival. For instance, the "International Trust Co." was a Massachusetts corporation. The defendant was chartered in Missouri as the "National Loan and Trust Company," and then changed its name to "International Loan & Trust Company." This change made the names of the two companies very similar. Defendant did business in Boston where plaintiff also did business. It was held by the Massachusetts court on the question as to whether a foreign corporation could be enjoined, that if a foreign corporation carries on its business under a name the same or nearly identical with that of a domestic corporation, it should be enjoined. The public may be misled and the domestic corporation suffer. The foreign corporation ought not to be allowed to escape liability on the ground that while the name that it actually uses is the same or similar, its corporate name is not. Even if the corporate name of a foreign corporation is

¹⁴ *Farmers' Loan & Trust Co. v. sas*, 1 N. Y. Supp. 44-1888; 21 Abb. *Farmers' Loan & Trust Co. of Kan-* N. C. 104.

the same or nearly identical with that of a domestic corporation, if it carries on its business under a different and dissimilar one, there is no reason why it should be enjoined. "No harm would be done and nobody would suffer."¹⁵

If an abbreviation consists of the words in a name which describe the business done, or describe the article in which the concern bearing the name deals, the use of these words by another will not be enjoined, in the absence of proof of these words having acquired a secondary meaning.

§ 102. Affirmative Duty to Differentiate in Choosing Corporate Names.—No name may be chosen in naming a corporation which will cause the new corporation to be passed off as some other company already in existence, or that will, when attached to the goods made by the new company, pass those goods off as the goods of some other company. There are statutes relating to choice of corporate names, but they are all state statutes; so that, outside of the names of corporations created under the laws of the home state, the incorporators can take any name—but at their peril; and if the incorporators choose a misleading name, they may be enjoined, although their company be organized under the laws of a state far away from the home state of the complainant.

The court scans the facts, to see if, at the time the naming was done, there was any possibility of foreseeing that damage and fraud might follow; and if it finds there was it will enjoin.

¹⁵ *International Trust Co. v. International Loan & Trust Co.*, 153 Mass. 271-1891; 26 N. E. 693; 10 L. R. A. 753.

¹⁶ *American Order of Scottish Clans v. Merrill*, 8 L. R. A. 320-1890; 151 Mass. 558; 24 N. E. 918. "When there are no statute provisions as to the choice of names, and parties organize a corporation under general laws, it may be that they choose the name at their peril, and that if they take one so like that of an existing corporation as to be misleading and thereby to injure its business, they may be enjoined if there is no lan-

guage in the statute to the contrary." *American Wine Co. v. Kohlman*, 158 Fed. 830-1907 (C. C. Ala.). Complainant was a Missouri corporation well known in the wine trade by its corporate name, American Wine Company. Defendant was afterward incorporated in Alabama under the same name. There was no allegation of similarity of dress, or of the use of any deceptive device, nor of facts showing fraud on the part of defendant or injury to complainant. *Held*, that the mere similarity of name, under these circumstances, did not entitle the plaintiff to relief.

It is hardly an open question in most instances, for on the incorporators rests the affirmative duty of differentiating the name of a new corporation from all other names.¹⁷

The duty to differentiate is not changed or lessened because the conflicting name already in existence is a name not of another corporation, but of a firm or an individual operating under a name not his own.^{17a}

One of the most common ways of naming a corporation is to use the personal name of one or more of the incorporators. This method renders the name subject to all the conditions arising from use of personal names as trade names. The rules applicable to it are practically the same as those relating to the use of personal names in other trade names such as partnership names. There is, however, this difference, as has been already observed, and it is a substantial one. It is natural for the person most interested in a business, whether corporate or otherwise, to name the concern after himself. If the concern be an individual, doing business alone, it is decidedly the usual thing, for he has not the task of creating a name—having ready at his hand his own personal name. Where, however, it is a corporation, a name must be created. He may use his own, but more often a somewhat fanciful name will be chosen; and in creating that name an affirmative duty rests on the incorporators to see to it that they take a name which will not conflict with others already in use. The Standard Oil Company might have been called the “Rockefeller Oil Company,” and had that been the name chosen for

¹⁷ *F. E. De Long v. De Long Hook & Eye Co.*, 89 Hun (N. Y.) 399—1895; 35 N. Y. Supp. 509. In 1899 the plaintiffs put on the market the “De Long Hook and Eye,” sewed on cards at top of which was printed “The De Long Hook and Eye.” In 1892 O. A. De Long, a buyer of a department store, conceived a change in the hooks and formed the De Long Hook & Eye Co., and put hooks on cards in the same manner as plaintiffs. *Held*,

similarity of the two hooks (for they were not identical) was sufficient to warrant injunction. “The promoters of this corporation could have given to it the name of either of the other incorporators, or any other name they liked, provided the designation was honestly made and without injury to others” (p. 403).

^{17a} *Imperial Mfg. Co. v. Schwartz*, 105 Ill. App. 525—1903. See also *Matsell v. Flanagan*, 2 Abb. Pr. N. S. (N. Y.) 459—1867.

it, it would have been difficult for any other person in the oil trade named Rockefeller, to have enjoined the company utterly, from using that surname, as a part of the corporate name. It might have been ordered by the court to change the name to the "*John D. Rockefeller Oil Company*." But when a fanciful name like "Standard" was taken, a word which had no particular connection with the oil business, another oil company, which already had taken that word as a part of its name, might readily have invoked the rules of unfair competition to enjoin the new company from using the word "Standard."

In a sense, the use of the words "Rockefeller" and "Standard" were both optional; and yet there is a decided difference in the legal aspect of the act of choice in the two cases, when examined in the light of the intent which the law will presume every trader to possess, to act honestly and fairly in all his dealings.

The Scottish courts have held that it is unfair to give a corporation a name which contains the same family name as that which is a part of the name of a concern already in that line of business, and injunction will issue although no actual deceit or fraudulent intent is shown.¹⁸ "A man is not always debarred from giving his own name to a corporation, where it happens to be the name of a competitor, if he does it for some good reason and in such a way as not to mislead the public. His name may be of value to him because it suggests his skill, or his financial ability, or something else that belongs to him."¹⁹

The United States Supreme Court sustains the rule that "one corporation is not entitled to restrain another from using in its corporate title a name to which others have 'a common right;'"²⁰ and adds that this rule is applicable to all names *publici juris*. The decision then refers to the necessity

¹⁸ *Dunlop Pneumatic Tyre Co. v. Dunlop Motor Co. Ltd.*, 22 R. P. C. 533-1905 (Ct. Sess. Scotland).

¹⁹ *International Silver Co. v. W. H. Rogers Corp.*, 66 N. J. Eq. 119-36-1904; 57 Atl. 1037.

²⁰ *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118-137-8-40-1905, 49 L. ed. 972; 25 Sup. Ct. 609, citing *Columbia Mill Co. v. Alcorn*, 150 U. S. 460-1893; 37 L. ed. 1144; 14 Sup. Ct. 141.

or nonnecessity of using one's personal name in choosing a business name, as follows: "It is said that the use of the word 'Remington' in the name 'Remington-Sholes' was unnecessary, as if necessity were the absolute test of the right to use. But a person is not obliged to abandon the use of his name or to unreasonably restrict it. The question is whether his use is reasonable and honest, or is calculated to deceive." The position of the court is summed up as follows: "It was natural that those who had invented the machine, and given all their time and means in introducing it to the public, when they came to organize the corporation which was to represent the culmination of their hopes and efforts, should choose their own name as the corporate name. In doing so I think they were exercising only the common privilege that every man has to use his own name in his own business, provided it is not chosen as a cover for unfair competition. They did not choose the complainant's name literally, or so closely that those using ordinary discrimination would confuse the identity of the two names, and that differentiation is sufficient to relieve them of any imputation of fraud." * * * We hold that, in the absence of contract, fraud or estoppel, any man may use his own name, in all legitimate ways, and as the whole or a part of a corporate name."

All this is unquestionably law, in the absence of unfair competition. What then is unfair competition? The court here defines it thus: "The essence of the wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another, and if defendant so conducts its business as not to palm off its goods as those of complainant, the action fails"²¹ (*id.* p. 140).

²¹ *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118-1905; 49 L. ed. 972; 25 Sup. Ct. 609. E. Remington & Sons, first a firm, afterward incorporated, manufactured the "Remington Rifle," and the "Remington Sewing Machine." In 1873 it began to manufacture a typewriting machine, the most important feature of which was in-

vented by one Sholes. From 1880 this machine was called the "Remington" and "Remington Standard." In 1886 the typewriting branch of the business, with the right to use the name "Standard Remington Typewriter," was transferred to Wyckoff, Seamans & Benedict, the complainant. Among the trademarks registered by that corporation

The fact that some person transfers to the incorporators full right to use his personal name as part of the corporate name will not excuse the adoption of a name which is similar to one already in use. In the first place no person has a right to transfer the rights to his name for use for such a purpose;²²

was the name "Remington." The Howe Scales Company, the defendant, was the sales agent of the "Remington-Sholes Company," which manufactured at Chicago a machine called the "Remington-Sholes" or "Rem-Sho" typewriter. This company was the successor to a company organized in 1892 by one Sholes, the son of the inventor above mentioned, in which Franklin Remington, son of a former president of E. Remington & Sons, acquired an important interest, and to the position of which he contributed much time and money. Aside from the use of the name Remington, nothing was done by the last-named company or the defendant to promote confusion in the mind of the public, and that company advertised expressly that its machine was not the "Remington Standard Typewriter." *Held*, that the name Remington was properly used by the Remington-Sholes Company, and that the right to use one's name in an honest manner includes the right to use it as a part of a corporate name. *R. W. Rogers Co. v. Wm. Rogers Mfg. Co.*, 70 Fed. 1017-1895 (C. C. A. 2d Cir.). The various Rogers cases in the federal courts are found in 66 Fed. 56; 70 Fed. 1017; 110 Fed. 955; 113 Fed. 526; 118 Fed. 133, and are suits brought to overthrow a succession of attempts to obtain by unfair means the business of one Rogers, by various other persons named Rogers, and by corporations formed by persons bearing the name

Rogers. Wallace, Circuit Judge, said (70 Fed. 1019): "I place my concurrence in the judgment in this cause upon the broad ground that a body of associates who organize a corporation for manufacturing and selling a particular product are not lawfully entitled to employ as their corporate name in that business the name of one of their number when it appears that such name has been intentionally selected in order to compete with an established concern of the same name, engaged in similar business, and divert the latter's trade to themselves by confusing the identity of the products of both, and leading purchasers to buy those of one for those of the other. No person is permitted to use his own in such manner as to inflict an unnecessary injury upon another. The incorporators chose the name unnecessarily, and, having done so for the purpose of unfair competition, cannot be permitted to use it to the injury of the complainant" (at p. 1019). The Supreme Court says of these words of Judge Wallace in *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118-1905; 49 L. ed. 972; 25 Sup. Ct. 609: "This, of course, assumes not only that the name selected was calculated to deceive, but that the selection was made for that purpose."

²² *Burrow v. Marceau*, 124 App. Div. (N. Y.) 665-1908. Otto Sarony, as executor of Napoleon Sarony, who at the time of his death was conduct-

and secondly the incorporators had no right to adopt such a name.²³ "A corporation has not the right to use the name

ing a profitable business as a photographer under the trade name "Sarony," sold the good-will and trade name of the business to plaintiff. Subsequently Otto Sarony assumed to permit the defendant, who was already a photographer, to organize a corporation to conduct a similar business under the name "Otto Sarony Company;" this company's place of business was close to plaintiff's. Actual deception of the public was alleged. *Held*, on demurrer, that a cause of action for an injunction was stated.

²³ *Dodge Stationery Co. v. Dodge*, 145 Cal. 380-1904; 78 Pac. 879. Plaintiff was incorporated in August, 1894. J. S. Dodge was an incorporator, until 1890, when he sold all his interest in the company. The business was generally known as "Dodge's," its sign containing only the word "Dodge's." In January, 1901, J. S. Dodge and others incorporated the "J. S. Dodge Company," took a store in the same block with plaintiff's store, 100 feet away, and put up a sign "Dodge will occupy this store," etc. Defendant also used word "Dodge" alone on sign and stamped envelopes "Dodge's, 209 Post Street, S. F." There had not been since September 17, 1900, anyone with the name of Dodge connected with plaintiff. J. S. Dodge had been in this business in San Francisco twenty-five years, and during that time had used name "Dodge." *Held*, that by sale of stock Dodge did not sell any part of plaintiff's good-will. By selling his stock he did not agree not to enter stationery business. Dodge had the right to enter business

in his own name, so long as he did not try to pass his store off as plaintiff's store. "It does not follow, however, that he could confer the right to use his name upon a corporation for the purpose of enabling that corporation to engage in a business which had been conducted by another corporation under a similar name, and it is well settled he could not do so. This must be especially true where he himself caused the use of his name by the prior corporation. The name given to a corporation is an artificial and impersonal thing, selected arbitrarily by the corporators themselves, and can be selected from an entire vocabulary of names" (p. 388), citing *De Long v. De Long Hook & Eye Co.*, 89 Hun 399-1895; 35 N. Y. Supp. 509. The defendant's rights are distinct from those of J. S. Dodge, and are the same as if he had never been connected with it at all. "Whoever its incorporators might be, they had no right to fraudulently adopt a name similar to plaintiff's name for the purpose of palming off the business to be conducted by the new corporation as plaintiff's business, and thus invade the rights of the prior corporation. Injunction will lie to restrain the simulation so far as may be necessary to protect the rights of the prior corporation, even to the extent of prohibiting the use of the name at all, the courts interfering in such cases solely for the purpose of preventing fraud, actual or constructive" (id. p. 389). The court has power to restrain a company from using such a name as "Dodge's."

of one of its incorporators for the purpose of unfair competition with an older dealer, where it is likely to do him injury, and it will not be permitted to use that name if it is the name by which the older article is usually called for and described."²⁴ In *Massam v. Thorley's Cattle Food Co.*,²⁵ a much cited case, Joseph Thorley had made cattle food called "Thorley's Food for Cattle." At the time of this action the name meant that it was made at Thorley's works. It did not mean food made by a particular recipe belonging to Thorley. The defendant got hold of J. W. Thorley, a brother of the first Thorley, and formed "J. W. Thorley and Company, Limited," and sold "Thorley's Food for Cattle." J. W. Thorley had a one shilling share in the company and was employed as an agent. It was held that the defendant intended deceit.

In the face of facts showing that in choosing a corporate name the incorporators intended to profit fraudulently by the reputation of someone else, they will not be heard to deny that they intended to do so, or that they did not know of the existence of their competitor, or that it was an accident that the names are similar. Despite all pleas of this sort it is the duty of the court to restrain such use.²⁶ Lord Halsbury, Chief Justice, in *The North Cheshire & Manchester Brewery Co.*,

²⁴ *J. & P. Coats, Ltd. v. John Coates' Thread Co.*, 135 Fed. 177-79-1905.

²⁵ 14 Ch. Div. 748-1880.

²⁶ *W. E. Garrett & Sons v. T. H. Garrett & Co.*, 82 Fed. 472-1896; 24 C. C. A. 172. Plaintiffs made "Garrett's Snuff." Defendants were incorporated in 1895 by four men, one of whom was T. H. Garrett, who owned two and one-half shares. The cans, packages, labels and wrappers of defendant differed from plaintiff's but little, except that "T. H. Garrett, Louisville, Ky.," was substituted for "W. E. Garrett, Philadelphia." The color was the same, type similar in appear-

ance, arrangement, and effect. Defendants denied intent to copy. *Held*, that failure of defendants to adopt some name other than Garrett (which they claimed to have adopted because T. H. Garrett originated the idea of the company) was evidence of its intent to fraudulently profit by the reputation of W. E. Garrett. "It is not to be credited that the imitations were unintentional or accidental" (*id.* p. 476), but were made with intent that retail dealers should sell it as "Garrett's Snuff," and as defendant's product was inferior to W. E. Garrett's snuff, they would get his prices, thereby reaping large profits. See § 30.

*Ltd., v. The Manchester Brewery Co., Ltd.,*²⁷ said that on the question as to whether the two names were so familiar as to be calculated to deceive, no witness would be entitled to say, for the reason that that was the very question which the court was called upon to decide; that from the mere similarity of the two names and the fact that two breweries existed, one the Manchester Brewery and the other the North Cheshire Brewery, unfair competition was inevitable; and that the fact that there was undoubtedly no intent to defraud was quite immaterial, for the court must restrain from that which is injuring another person, however inadvertently or innocently it may be done. These rules have been applied by the House of Lords to a consolidation of two corporations and a use of a combination of the two names as a name for the new company, holding that, if the new name was so similar to one already in existence as to cause deceit and to mislead, it should be enjoined. Says Lord Halsbury: "The result to my mind is that everybody who had dealt with the old company, seeing this amalgamated name, would send their order to the new address and not to the old address where the single company had carried on its business. That would be an ordinary business matter. If they first came to the conclusion that it was an amalgamation

"App. Cas. 83-1899. The respondents, "The Manchester Brewery Co. Ltd." had carried on business under that name for years in Manchester and elsewhere. The appellants bought an old business, conducted under the corporate name of "The North Cheshire Brewery Co., Ltd.", the brewery being at Macclesfield, but some business being done at Manchester. Appellants then had themselves incorporated and registered as "The North Cheshire & Manchester Brewery Co. Ltd." This was done, as the court found, without any intent to deceive the public or divert respondent's trade. *Held*, that as a matter of fact the name of the appellant company was calculated

to deceive, and that its use should be enjoined. "When I see that in the name of the appellant company there is literally and positively the same name as that of the rival company, as I will call it, and that it is only prevented from being identical in name by having another name associated with it, I should think myself that the inevitable result would be that which appears to have happened,—that anyone who saw the two names together would arrive at the conclusion without any doubt at all that the two companies, both with well-known names, both in the particular neighborhood with which we are dealing, had been amalgamated."

of the two concerns, their next proceeding would be, unless they had certain knowledge of the matter (and of course when you are dealing with the question of people being deceived, that negatives the idea of their having certain knowledge, or else they could not be deceived), those customers as a matter of business would direct their orders, if they intended to remain customers of the old firm, to the address of the new company which had just been brought out, which they would think included the old. Can that be permitted? I think it cannot. That is calculated to deceive, and that is the very question which your lordships have to determine" (id. p. 85-86).

In Massachusetts, it is held that the combination of a similar corporate name, similarity in the business done, and the nearness of the stand adopted by the defendant to that of the plaintiff will justify a finding of fraudulent conduct on defendant's part.²⁸

It has been said that the very fact that a body of associates organizing a company take, as part of the name of the company, the name of one of their number which is the same or nearly the same as that of some rival who has an established business, in most cases gives rise to a presumption of fraud. The presumption may be rebutted; but the fact remains that despite the laudable desire of a promoter or incorporator to make his own name a part of the company, despite his common-

²⁸ *Viano v. Baccigalupo*, 183 Mass. 160-1903; 67 N. E. 641. The plaintiff under the name "Boston Peanut Roasting Co." had, at time defendant entered business, been carrying on its business at 94 Fulton street for five years. Defendant opened his shop on Fulton street and adopted the same identical name, except he put word "Trade" between "Boston" and "Peanut." *Held*, by Loring, J.: "The plaintiff's right to protection does not depend on the defendant's having adopted a similar single word alone, but on the combination adopted by the defendant of the business

name of 'Boston Trade Peanut Roasting Company,' a name almost identical with the plaintiff's name of 'Boston Peanut Roasting Company,' together with the fact that the business done by the defendant is identically the same, and that the defendant has selected a place of business not only in the same city but on the same street. That justifies a finding that the action of the defendant is calculated to induce the public to trade with the defendant under the belief that it was trading with the plaintiff. One mistake in mail orders was proved at the hearing."

law right to use his own name as he will, the trader who enters the court of equity with greatest claim on its aid is he who has striven to differentiate his goods and his company as much as possible from all rivals, and to sell his goods on their merits, and advertise himself and his house in as individual a manner as possible.

That persons may not associate themselves under a name which is composed of names of rivals, is a proposition which does not need discussion. "The public are entitled to protection from being misled to trade with parties not known to them, under the impression that they are doing business with an established firm or person with whom they have been accustomed to deal."²⁸

§ 103. Priority in Time of Use of a Name is Ground for Injunction.—Names of corporations which do not include personal names must, of course, be names to which the incorporators of neither the plaintiff company or the defendant company have any such individual right as they have in their own family name, hence, as between two corporate names, not personal in character, which are alike or similar, the one coming into existence last must give way to the prior one for two reasons: (1) Because the existence of both will, in all likelihood, cause confusion; (2) because of the right of priority in the one first used. It is not necessary that any long period of time should intervene between the beginning of the use of the name first used and that of the second. Thirteen months has been held sufficient.²⁹

²⁸ *Imperial Mfg. Co. v. Schwartz*, 105 Ill. App. 525-1903. *La Societe Anonyme des Anciens Etablissements, Panhard et Levassor v. Panhard-Levassor Motor Co.*, 18 R. P. C. 405-1901. Seven men, none of whom bore name Panhard or Levassor, formed defendant company in England and registered its name. Plaintiff did not do business directly in England. *Held*, defendants should be enjoined from using either of the names.

²⁹ *S. Howes Co. v. Howes Grain-Cleaner Co.*, 46 N. Y. Supp. 165-1897. The "S. Howes Company" was organized in January, 1895; the "Howes Grain-Cleaner Company" in February, 1896, the latter being named for its president. Both companies manufactured the same class of machinery. *Held*, that the latter company should be enjoined from using its corporate name. *The Accident Ins. Co. Ltd. v. The Accident, Disease, & General Ins. Corp. Ltd.*,

In one instance, persons who began doing business under the name "American Watchman's Clock Company," as partners, in summer of 1901, were held to be able to restrain others from organizing a corporation in May, 1902, under the same name.³¹ See § 71.

§ 104. Use of Term "Works," "Company," Etc., by a Concern not Incorporated.—The fact that the user of the name, in the first instance, is an individual or partnership engaged in a business under some fanciful or symbolic name such as "New York Specialty Works," or "Imperial Manufacturing Company," and not a corporation, does not tend to defeat the right of this first user to enjoin one subsequently adopting the name, or one very similar, as the name of a corporation.³² Such a

51 L. T. N. S. 597-1884, before Pearson, J., in chancery. Plaintiff registered its name in 1870, but had existed since 1849. Defendant registered its name in 1883, and plaintiff became aware of the fact in 1884. Plaintiff was known as "The Accident Co.," or "The Accident." *Held*, defendant "takes a title which is so like the plaintiff's title that I am satisfied by the evidence before me that it is calculated to deceive, and that it is also calculated to appropriate to the defendant company business which would legitimately go to the plaintiff company" (*id.* p. 598).

³¹ *Pettes v. American Watchman's Clock Co.*, 89 App. Div. (N. Y.) 345-1903; 85 N. Y. Supp. 900. Plaintiffs were copartners, and part of their business was the sale and installation of electric time detectors or watchman's clocks. This branch of their business they conducted under the name of the "American Watchman's Clock Company," having in the summer of 1901 filed a certificate of intention to do business under that name. In May, 1902, they

executed the papers necessary to incorporate in this state under that name, but in the same month defendant was incorporated in this state under the same name for the purpose of engaging in the same business. The incorporators of the defendant company knew that plaintiffs were engaged in business as above mentioned under the name adopted by them. *Held*, that defendant should be restrained from the use of its corporate name in the same business as plaintiffs.

³² *Imperial Mfg. Co. v. Schwartz*, 105 Ill. App. 525-1903. *Nesne v. Sundet*, 93 Minn. 299-1904; 101 N. W. 490. In 1901 plaintiffs entered into a partnership at Crookston, under the name of Crookston Marble & Granite Works. Two weeks later they changed their name to the Crookston Marble Works, and since that time had done business under that name. For nine years prior thereto, some of the defendants had done a like business at Crookston as partners under the name of the North Western Marble Works. They used the words "Marble Works" as a sign

simulation of a name will be enjoined although the plaintiff has used the name in such a manner as would cause it to import that his concern was a corporation when, in fact, he never had incorporated his business at all. The fact that the name which the defendant attempts to use has been previously appropriated as name for any sort of business concern, by another, is sufficient ground to warrant an injunction. This is not universally held, however, for some jurisdictions regard words like "Works," "Company," "Association," as importing that the concern using them is a corporation, and that a partnership or individual can have no property in a name containing such words.³³

§ 105. Outgoing Stockholders and Employees.—It is entirely natural that one who has gotten skill and experience in

over the place of business, and during part of this time about 10 per cent. of the letters received by them were addressed "Crookston Marble Works." In 1902 defendants incorporated under the name "Crookston Marble Works." Plaintiffs adopted their name one year before defendants organized as a corporation. The trial court found no intent to compete unfairly on the part of either of the parties. "The rule is settled that, in the absence of statutory provisions regulating the subject, parties organizing a corporation must choose a name at their peril, and that the use of a name similar to one adopted by another corporation may be enjoined at the instance of the latter, if misleading and calculated to injure its business. *Newby v. Oregon Cent. Ry. Co.*, 1 Deady 609-1869; Fed. Cas. No. 10,144; *Holmes, Booth & Haydens v. Holmes, Booth & Atwood Mfg. Co.*, 37 Conn. 278-1870; *C. S. Higgins Co. v. Higgins' Soap Co.*, 144 N. Y. 462-1895; 39 N. E. 490; 27 L. R. A. 42; *Celluloid Mfg. Co. v. Cellonite Mfg. Co.*,

32 Fed. 94-1887 (C. C. N. Y.); *R. W. Rogers Co. v. Wm. Rogers Mfg. Co.*, 70 Fed. 1017-1895; 17 C. C. A. 576; *Plant Seed Co. v. Michel Plant & Seed Co.*, 37 Mo. App. 313-1889.

"*Clark v. Aetna Iron Works*, 44 Ill. App. 510-1892. Clark sued to prevent defendant using the words "Aetna Iron Works," on ground that it had acquired the right to use them as a trade name, before defendant's company was incorporated. Held, that the "words import a corporation: not being the names of persons, but of an entity capable of business." *Hazelton Boiler Co. v. Hazelton Tripod Boiler Co.*, 142 Ill. 494-1892; 30 N. E. 339, the plaintiff, a copartnership, held to have no property in a name, as a trade name, which imported a corporation. Words like "Association," "Works," "Company," preceded by words indicating the kind of business, are used as names of corporations. *Link v. Architectural Iron Works*, 24 Ill. 551-1860; *Perkins Electric Lamp Co. v. Hood*, 44 Ill. App. 449-1892; *The State v. McGrath*, 75 Mo. 424-1882.

his trade or business, while in the employ of another, should wish to start out for himself. It is entirely right that he should use his own name for the new concern; but he cannot do so in such a manner that from his so setting up confusion, fraud, and loss of business to the old company may result. The same is true also of stockholders of a corporation, who leave it to form a new company. Such outgoing stockholders must use their own name subject to the rights of the company with whom they formerly were connected.³⁴ In this connection see the chapter on Transfer of Trade Names, etc.

A stockholder in a corporation which bears his family surname, does not necessarily lose all right to use that name as a business name, in a company making or selling the same commodity as the corporation, because the latter sells its business, including good-will and name. He will be enjoined, however, from passing off the goods made by the new company as those of the older corporation or its successor.³⁵ Where the name has as its principal feature the name of a person, that name is likely to be the nickname of the company, and for a person bearing that name to start a competing company with that particular name as the basis of its name will in all likelihood lead to deception. In the words of the Michigan court "the natural tendency of the situation would be to divert the complainant's business."³⁶ Outgoing stockholders of a corporation bearing a name the most distinctive part of which is the names of such stockholders, have no right to compete with that corporation, under a new corporate name so similar to the first as to mislead. In ordinary speech, the "Alton," the "Burlington," the "Rock Island," the "Central," are used instead of the full names of these companies. In a similar fashion the striking word in other corporate names is often used as its name. Hence a person whose name is thus used as the ab-

³⁴ *Holmes, Booth & Haydens v. Holmes, Booth & Atwood Mfg. Co.*, 37 Conn. 278-1870. Plaintiff incorporated 1853, defendant incorporated 1869. Held, that "until its (plaintiff's) dissolution, therefore, Holmes and Booth must use their

own names subject to the rights of the petitioners, unless relieved of that inconvenience by their consent."

³⁵ *Donnell v. Herring-Hall-Martin Safe Co.*, 208 U. S. 267-1908.

³⁶ *Penberthy Injector Co. v. Lee*, 120 Mich. 174-1899; 78 N. W. 1078.

breviated name of a corporation will be enjoined from allowing his name to be assumed by another company in such fashion as to make it possible that this second company may become known by the same abbreviation. Lamb invented a process of knitting. The product was called "Lamb Knit." He left his former employee and started the Lamb Glove and Mitten Co. Dealers were misled and an injunction was issued.⁸⁷ Van Auken left the "Van Auken Co." and formed the "Van Auken Steam Specialty Co.," and was enjoined.⁸⁸ Penberthy left the Penberthy Injector Co. and formed a partnership which was called the "Lee-Penberthy Manufacturing Co.," and he was enjoined. Said the court: "I cannot doubt that defendants intended to appropriate a portion of complainant's goodwill and good reputation. I cannot doubt that the natural tendency of the situation would be to divert the complainant's business to the defendants. I do not question or doubt the general natural right which a man has to use his own name in his own business without interference; but I think, in a case like the present one, such right should be guarded by language sufficiently clear and explicit to notify all persons that the business is not that of another. I do not think this has been done by these defendants, and I am of the opinion that com-

"Lamb Knit Goods Co. v. Lamb Glove & Mitten Co., 120 Mich. 159-1899; 78 N. W. 1072; 44 L. R. A. 841. Defendant Lamb organized Lamb Knitting Company, which was bought out by plaintiff. Lamb was plaintiff's superintendent for a long period, but left their employ April, 1892. He then organized defendant company and began to make goods with the same stitch used by plaintiff, which claimed all rights to said stitch and trade-mark, "Lamb Knit." Defendant alleged "Lamb stitch" had been in use for twenty-five years by many mills, and that there were various Lamb knitting machine companies in operation. *Held*, that the

plaintiff was not entitled to exclusive use of term "Lamb Knit." But dealers have been here misled by the similarity of the names of these corporations, as business of both parties is largely gloves and mittens. Defendant was, therefore, restrained from the use of the name Lamb Glove and Mitten Company, or any name in which word Lamb—"Lamb Knitting Machine Company"—appeared in connection with other words indicating a business similar to plaintiffs'.

"Van Auken Co. v. Van Auken Steam Specialty Co., 57 Ill. App. 240-1894.

plainant has made out a good case, and is entitled to the injunction prayed for, with costs " 39 (p. 179).

The New York court enjoined one who sold out his interest in a corporation, the " Charles S. Higgins Co.," from using the name " Higgins Soap Co.," because he used it fraudulently and in a deceiving way. But it specifically states that a man may use his own name " even when such use is injurious to another who has established a prior business of the same kind and gained a reputation which goes with the name." 40

* *Penberthy Injector Co. v. Lee*, 120 Mich. 174-1899; 78 N. W. 1074. Penberthy invented an injector for boilers and organized the Penberthy Injector Company. The Penberthy injector became known familiarly to the trade. Six years later Penberthy sold out to the corporation all his interest and engaged in a partnership, the " Lee-Penberthy Manufacturing Company," which made improved injectors. They located on the same street as the said corporation. Injunction granted. *Giacomo Allegretti v. The Allegretti Chocolate Cream Co.*, 177 Ill. 129-1898; 52 N. E. 487. The defendant, a corporation, brought bill against Giacomo Allegretti alleging it was owner of the sole rights, processes, receipts, and methods of manufacturing certain chocolate creams and of the trade-mark " Allegretti;" that Giacomo Allegretti, who was a former employee of the corporation, had set up business under the name Allegretti & Company and claimed to be originator of Allegretti creams, and made and sold similar goods. The corporation had been making these goods for many years. *Held*, Allegretti chocolates were for years known in Chicago, as goods of Allegretti Bros., which afterward be-

came appellee company. Defendant had right to open business as " Allegretti and Company " provided it did so without any intent, act, or artifice to mislead dealers in the market or the public at large as to the identity of the firm. *Held*, further, that public were so deceived. The defendants can use name Allegretti in a manner indicating that their goods are " manufactured and sold by B. F. and I. A. Rubel and Giacomo Allegretti and not by Ignazio Allegretti or the Allegretti Chocolate Cream Company."

* *Chas. S. Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462-1895; 39 N. E. 490; 27 L. R. A. 42. In 1890, plaintiff company, organized by Chas. S. Higgins, purchased from him and partner their soap business in Brooklyn. Three hundred thousand dollars had been spent in advertising " Higgins Soap " subsequent to 1879. In 1892, Chas. S. Higgins was discharged from the company and with his wife and family organized in New Jersey the defendant company and put up soap with wrapper marked " Higgins Soap Co., Original Laundry Soap, Chas. S. Higgins President." *Held*, the Higgins Soap Co. is not Chas. S. Higgins, and he cannot appropriate the business of

The object sought by the complainant in all these cases is protection for the business he has built up, under the name he is using. The theory of the Higgins case is that such a merchant is remediless, unless the defendant is acting fraudulently; and, by inference, that if the loss occurs through the unwitting and unintentional act of the defendant, the complainant must suffer his loss. There is abundant authority, however, for holding that he who thus deprives another of his business is taking valuable property from him, if not wrongfully, at least unnecessarily and because of lack of due and equitable regard for the rights of others; and hence equity will compel him to act equitably. This does not mean that the defendant must lose the right to use his own name; it does mean that equity will *regulate* his use of his name, will compel him to use it with due regard for the loss he may cause others. Equity cannot assume that any honest man will wish his business to be continually confused with that of a competitor. See § 58.

§ 106. False or Misleading Use of Corporate Names.—

It is always unwise, but not always unlawful to use a false name for a corporation. So long as no one is injured by the false name and no one objects who has a right to object, such a name may be used. But so often does it happen that false names are made use of to effect unfair competition, that the courts look with suspicion on any name that is false. By the term "a false name" is meant the use of a name which implies that the company named has certain features which it has not. If it be named "Peck Bros. Co.," when there is but one Peck in the company, such a name is false and using such a name is a falsehood. Persons resorting to such methods are usually presumed to do so for a purpose, and, if unfair competition results, they will be restrained from so doing.⁴¹

the plaintiff company. "The right of a man to use his own name in his own business the law protects, even when such use is injurious to another who has established a prior business of the same kind, and gained a reputation which goes with the name." The courts "permit no artifice or deceit,

designed or calculated to mislead the public and palm off the business as that of the person who first established it and gave it its reputation" (p. 468).

"*Peck Bros. & Co. v. Peck Bros. Co.*, 113 Fed. 291-1902 (C. C. A. 7th Cir.); 51 C. C. A. 251; 62 L. R. A.

Taking the name of a person without his consent for use in the name of a corporation, or using one's portrait, or *facsimile* of one's signature on a trade-mark, is a false use.⁴²

81. Elnathan Peck and two sons, in 1859, began business as E. Peck & Sons, in New Britain, Connecticut. In 1862, same business was incorporated as "Peck Bros. & Co." Later the house became embarrassed and went into a receiver's hands — who sold it to three stockholders, one of whom was a Peck. While the receivership was pending, a charter was taken out in Illinois for a corporation known as Peck Bros. Co., designed to engage in same business, the old company having had a branch office in Chicago. There was one person in the new company named Peck. *Held*, "Here the artifice consisted in not using one's own name but in assuming falsely the name 'Peck Bros.,' there being no brothers of that name in the incorporation. The name, manifestly, was thus assumed for the purpose of obtaining the good-will of the established business of the Connecticut corporation. The name assumed was itself a falsehood, and we must believe that it was so assumed for a purpose" (p. 297). • • •

"There is here either original wrongful intent, or, if the design were originally honest, it became wrongful upon failure to acquire by purchase the business and trade name of the plaintiff."

"*Kathreiner's Malskaffee Fabrik v. Pastor Kneipp Med. Co.*, 82 Fed. 321-1897; 27 C. C. A. 351. Sebastian Kneipp was a Catholic priest, who had interested himself in the subject of health, had devised a system of dietetics, and had written a book on

the subject. He had obtained considerable notoriety prior to 1891 in England and America. He deprecated the use of coffee and advocated a substitute. The plaintiffs, under his approval and supervision, prepared and put on the market a malt coffee and obtained the right from him to use his name, portrait, or signature. The word "Kneipp" and his portrait and signature were registered in the United States and other countries. In 1892, defendants incorporated in Illinois, as the Pastor Kneipp Medicine Co., and began to manufacture and sell malt coffee, labeled Kneipp Coffee. On the packages was a *facsimile* of the portrait of Kneipp. Jenkins, circuit judge, in the circuit court, *held*, "Upon the record, we are constrained to believe that the Pastor Kneipp Medicine Co., the appellee, was conceived in sin and brought forth in iniquity, that wrong attended at its birth, and that fraud stood sponsor at its christening, imposing upon the corporate child a name to which it was not entitled, and which it had no right to bear. The name of an eminent philanthropist was taken without his consent and against his protest. This assumption of name was a wrong which we cannot doubt a court of equity would, upon his application, have restrained, even if the purpose of the corporation had been wholly innocent and praiseworthy; but here, it is clear, the name, the portrait, and the *facsimile* signature of Rev. Sebastian Kneipp were employed, not

In *Pollard v. Photographic Co.*^{42a} it was held that an implied contract exists between subject and artist that the artist will not exhibit the picture. This rule is similar to the contract implied between employer and employee as to trade secrets.

The fact that a corporation has no one among its stockholders or incorporators living who bears the family name which is a part of the corporate name, is no ground for questioning its right to use the name on the ground that it is a false name. In *Dodge Stationery Co. v. Dodge*,⁴³ Dodge sold all his stock in plaintiff company, but it was held that by so doing he did not and could not sell any part of plaintiff's right to use his name. Nor could he sell to still another corporation the right to use his name.

§ 107. Names of Unincorporated Societies, Clubs, Etc.— Sometimes serious disputes arise as to the right of some of the members of an unincorporated association to incorporate, using the name of the common association. The rule in New York seems to be that where two factions incorporate, neither can have the exclusive right to the common name.⁴⁴

only without his consent and against his will, but were so assumed with a view to deceive the public, and to induce the belief that the product marketed and sold were prepared under his supervision, and offered to the public with his sanction. Under such circumstances, equity will not hesitate to extend its preventive arm" (p. 325).

^{42a} 40 Ch. Div. 345-1888.

⁴³ 145 Cal. 380-1904; 78 Pac. 879.

⁴⁴ *Original La Tosca Social Club v. La Tosca Social Club*, 23 App. D. C. 96-1904. For about six years there was an unincorporated association known as the "La Tosca Social Club." Some of the members thought that the club should be incorporated, and three, out of a total of twelve, caused it to be incorporated, under name of the unincorporated association. Thereupon, about half of

the members withdrew, and about ten months later incorporated themselves as the "Original La Tosca Social Club." The court refused to restrain the later formed corporation from the use of the name, adding that the corporation first formed had no exclusive right to it. "It is only in plain cases of wrong and mischief that the court will be disposed to apply the strong remedy by injunction to restrain the use of a name. The business operation of a corporation or party should not be restrained upon mere speculative or possible injury, because of the use of a particular name claimed by another. * * * There is no right to the injunction, merely from the form of similarity of names; there must be injury shown to result therefrom" (pp. 105-6). *Aiello v. Montecarlo*, 21 R. I. 496-1899. *Held*, on demur-

§ 108. **Similarity of Corporate Names, What is.**—What names are “calculated to deceive” and what names are so “different,” or “dissimilar,” or “conflicting,” as not to tend to cause confusion or deceit? What standard can be applied to measure names, to discover whether or not they are conflicting? The House of Lords has said that no witness is entitled to express an opinion as to this. The names may be put in evidence, together with the facts as to their use, and the circumstances surrounding the choosing of them; but there is no standard, except what the court in each particular case believes has worked fraud, or may work fraud or loss to the plaintiff. The probability of injury resulting from the use of the two names is the test to be applied by the court for the purpose of deciding whether or not the name will conflict. The “Merchant Banking Company” was established in 1863. In 1878 the “Merchants’ Joint Stock Bank” was started. No one had been misled. The two banks were at a distance from each other, although both in London, and the Chancery Court refused an injunction, being “satisfied that there is not likely to be any damage or injury to the plaintiffs at all, from the act of the defendants.”⁴⁵ In most cases, however, such similar names would cause confusion. The mere fact that two concerns happen to be widely separated geographically is no proof that no confusion can or will result from the use of the same

rer, that a good cause of action in equity was set up by a bill alleging that complainants maintained a society or club for the purpose, in part, of giving dramatic entertainments, that they had from time to time given such entertainments, and had advertised themselves and were well known as a club in the city, and that respondents, in wrongfully appropriating the name of the club, had caused and would cause great loss and damage to complainants.

“*Merchant Banking Co. v. Merchants’ Joint Stock Bank*, 9 Ch. Div. 560–1878. Probability of injury resulting from similar names is some-

times taken into consideration by courts. Plaintiff, Merchant Banking Company of London, was established in 1863. In 1878, defendant established the Merchants’ Joint Stock Bank. There was no evidence that anyone had been misled by the similarity of name. The two banks were located a considerable distance apart, one in Bloomsbury, London, the other in Cannon street. The court refused to “infer” an intent to imitate and said, “I am also satisfied that there is not likely to be any damage or injury to the plaintiffs at all from the act of the defendants” (at p. 569).

name by both. In *Ball v. Best*,⁴⁶ Best & Co. in Chicago was held to be in unfair competition with Best & Co. of New York; and, again, two concerns may be but a short distance apart and yet be fairly competing, as for instance: the "Fulton National Bank of New York" and the "Fulton National Bank of Brooklyn." Again, names of corporations may be similar or exactly the same and the companies be located very near each other without creating any unfair competition if the names are distinct and businesses dissimilar.⁴⁷

⁴⁶ 135 Fed. 434-1905 (C. C. Ill.).

⁴⁷ *Farmers' Loan & Trust Co. v. Farmers' Loan & Trust Co. of Kansas*, 1 N. Y. Supp. 44-1888; 21 Abb. N. C. 104. "It is evident, on the other hand, that the use of the same name would not be enjoined where the parties were doing a business thereunder entirely dissimilar and distinct; as, for instance, where one represented a banking business and another a locomotive works. Nor could the first national bank established enjoin every other bank from using the name 'First National Bank;' nor could the Mechanics' National Bank of New York enjoin the Mechanics' National Bank of New Jersey; nor the Fulton Bank of New York, the Fulton Bank of Brooklyn. And yet, if a bank like the Chemical

Bank of New York, or any other bank, had acquired in the particular city a valuable interest or proprietary right in the name, the court would not hesitate to enjoin another bank of the same name from doing business in the same city, to its detriment, and the confusion of the public" (at p. 47). *National Folding Box and Paper Co. v. National Folding Box Co.*, 43 Weekly Reporter 156. The plaintiffs were an American company and in business in America and also carried on, through their agents, a large business in England. The defendants interfered with this business and adopted a name which, in all reasonable probability, the court held, would lead to their goods being passed off as goods manufactured by the plaintiffs. Injunction issued.

CHAPTER IX.

GEOGRAPHIC OR PLACE NAMES.

SECTION 109. Rule of priority.

110. One of several who use a common geographic name may sue on behalf of all.
111. Association of the name and the locality must be close.
112. Secondary or acquired meaning.
113. Universal knowledge of user not required.
114. Extent of district to which a name applies.
115. Length of user necessary to acquire secondary meaning.
116. Place names may acquire abstract meaning.
117. Secondary meaning acquired in one kind of business is not applicable to others.
118. Degree of resemblance necessary.
119. Geographic or place names which indicate origin and source falsely.
120. Relative location of plants of rivals — effect on names.
121. Power of equity to limit use of the name of a locality to those doing business in that locality.
122. Names of cities.
123. Effect of moving a plant or business.
124. Names of natural products.
125. Geographic names which indicate a process of manufacture.
126. Geographic names may be arbitrarily adopted as trade names.
127. Such use must be fair and truthful.
128. Geographic names which indicate quality.

Geographic or place names are of four sorts:

(1) Those indicating *origin*. The fact that a cloth is manufactured in Connecticut does not, *per se*, fix upon it any badge of quality whatever, although it does show the place from which it comes.

(2) Those indicating a particular *process of manufacture*, viz.: that the goods bearing the name come from a locality where such goods are made customarily by one particular process or from some particular material. The Kentucky court has held that "Lexington" mustard meant mustard made originally in the factory of one named Brand, by his particular process. "Worcester" china has come to mean

china made in Worcester, England, by the process used in that place.

(3) A name used *arbitrarily* is used in a manner in no way connected with the place the name of which is used on the product, as, for instance, a stove made and sold in Newark, being called the "Portland," or one made in Baltimore, being sold as the Boston Stove.

(4) Those indicating *quality*. The nature of the soil, or climate of a locality may put upon certain of its products an indelible stamp of good, medium, or poor quality. "Connecticut" tobacco is an instance of this, for it is known in the tobacco trade, that only certain qualities of tobacco can be grown there.

§ 109. **Rule of Priority.**—In cases involving geographic and family names which become trade names are found the strongest reasons for refusing to interfere with the unlimited use of a name. Both parties often have most meritorious claims to the right to use it in trade. But here, as in so many other similar situations, the law has found the rule of priority to work justice. Says Holmes, J., in *The American Waltham Co. v. United States Watch Co.*,¹ in which the question was as to the use of the word "Waltham:" "Whatever might have been the doubts some years ago, we think that now it is pretty well settled that the plaintiff, merely on the strength of having been first in the field, may put later comers to the trouble of taking such reasonable precautions as are commercially practicable to prevent their lawful names and advertisements from deceitfully diverting the plaintiff's custom," * * * "In cases of this sort, as in so many others, what ultimately is to be worked out is a point or line between conflicting claims, each of which has meritorious grounds and would be extended further were it not for the other. It is desirable that plaintiff should not lose custom by reason of the public mistaking another manufacturer for it. It is desirable that the defendant should be free to manufacture watches at Waltham, and to tell the world that it does so. The two desiderata cannot both be had to their full extent and we have to fix the boundaries as best we can" (id. p. 86).

¹ 173 Mass. 85-87-1899; 53 N. E. 141; 43 L. R. A. 826.

Much merit can be found in the claim of one who has spent his life in a town and has made its name synonymous with the goods he has manufactured there, or with his business located there. Equal merit perhaps is found in the claim of one, of a succeeding generation, who, being a native of the same town, desires to set up there in the same business and to use freely the name of his native town as a part of his trade name. Equity will not forbid him to do so, but it will regulate carefully his use of the name.

§ 110. **One of Several Who Use a Common Geographic Name May Sue on Behalf of All.**— And first, as to who may be a party complainant, who has a right to demand for a geographic name the protection of equity. The question arose in the *Rosendale Cement case*.² Defendants manufactured and sold "Anchor Rosendale Cement" at Lehigh county, Pennsylvania, from stone quarried there. Complainants made cement at Rosendale, New York, where there are fifteen or twenty cement rock quarries, some of which have been worked for fifty years. Complainants began to work theirs in 1874. The product of all these quarries has always been known as Rosendale cement. Complainants contended that the name had acquired a generic significance. Joseph Bradley, Justice, held: "No doubt the sale of spurious goods or holding them out to be different from what they are is a great evil, and an immoral, if not an illegal, act; but unless there is an invasion of some trade-mark, or trade name, or peculiarity of style, in which some person has a right of property, the only persons legally entitled to judicial redress would seem to be those who are imposed upon by such pretenses. The public, of course, is deeply interested in their suppression, and if the laws are deficient, the legislature might very justly intervene to prevent impositions of this kind by public prosecution of the offenders; but to give a civil action to every honest dealer against every dishonest one engaged in the same trade would vex the courts and the country with an excess of multitudinous litigation. In our view, if a person seeks to restrain others from using a particular trade-mark, trade name, or style of

² *New York & Rosendale Cement* 277-1890 (C. C. A.); 10 L. R. A. Co. v. *Coplay Cement Co.*, 44 Fed. 833.

goods, he must show that he has an exclusive ownership or property therein. To show that he has a mere right, in common with others, is insufficient" (id. p. 279).

An injunction was refused and later the same case was moved for rehearing,³ and Bradley, J., affirmed himself and said: "A cigar manufacturer of Havana cigars cannot maintain a claim of trade-mark in 'Havana Cigars.' If a dealer in New York sells cigars as Havana cigars which are not such, it may be fraud, but it is no violation of a trade-mark which can be claimed by all the cigar makers of Havana. So all cement manufacturers of Rosendale and its vicinity may rightly call their manufactured article 'Rosendale Cement,' but any other person may go to Rosendale and manufacture cement there and have the same right. There is no exclusive property in the name, even in those who reside there, or carry on the manufacture there. It is open to all the world. In our judgment there is not, there cannot be, any trade-mark in the name of the place" (id. p. 213).

The result of this case, then, was a denial of the right of a dealer in a position like that of one of the cement makers of Rosendale, to protect the name which all of them used, against dealers, outside of Rosendale, who were using the name. It was true there could be no trade-mark in the name, but the case was really one of unfair competition not one of trade-mark, and if buyers of cement were deceived as to the source or origin of the cement which the defendants sold, the injunction should have been granted.

In *Pillsbury-Washburn Flour Mills Co. v. Eagle*,⁴ a bill was brought on behalf of all flour dealers making Minneapolis flour and was upheld, and various other cases have been since decided, which have laid down a different rule, in this regard, from that of the Rosendale case. This decision of Judge Bradley was criticised by Putnam, J., in 1892, in *City of Carlsbad v. Tibbetts*,⁵ as follows: "I fear that the rule laid down by Justice Bradley may be held to be the law in the United States; although to one who knows the history of the manufacture of Rosendale cement it would seem just, on a bill filed by any

³ 45 Fed. 212-1891.

⁴ 51 Fed. 852-56.

⁵ 86 Fed. 608; 41 L. R. A. 162.

cement manufacturer in that locality in behalf of himself and other manufacturers, to protect against an injury to the honest dealer coupled with a fraud on the public. The fact that many have a common interest in the same subject-matter ought not to deprive one of the many from being protected against an injury to the whole; and whatever difficulties there might be in a suit at law for damages in behalf of one manufacturer among many, as pointed out by Justice Bradley, there is no more inconvenience in proceeding in equity in such cases, than on bills in behalf of parishioners to establish a general modus, or of commoners respecting rights of common, or of one taxpayer in behalf of all others in the town, all of which are well recognized subjects of equity jurisdiction. It is certain that in case of the 'Stone Ale' referred to, and also in the case of the 'Glenfield Starch,' reported as *Wotherspoon v. Currie*,⁶ and noted in *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*,⁷ the use of the name of the town was protected under special circumstances."

In 1899 several California corporations, engaged in that state in canning pears grown there, and known to the trade as "California Pears," sued one Myer, who canned pears grown in Maryland and adjoining states, but marked them as California pears; and it was held that, while no one person could appropriate the words "California Pears," all those who put up fruit grown in California were entitled to use these words, and they would be protected by injunction against the fraudulent use of labels designating as California pears fruit that was grown and put up elsewhere.⁸

It would seem then that any one dealer of a group, all of whom use a particular place name, should have standing in equity to demand protection against any competitor who is using the name which is in use by him and his neighbors, to their damage. The fact that others share the right to use the name does not lessen the loss he suffers or give any better standing to the rival who is stealing his business unfairly. The true test is found in the question as to whether or not the name

⁶ L. R. 5 H. L. Cas. 508-1872.

⁷ *California Fruit Cannors' Assn.*

⁸ 138 U. S. 550-1891; 34 L. ed. 997; 11 Sup. Ct. 396.

v. Myer, 104 Fed. 82 (Cir. Ct. Md. 1899).

used has become so associated with the product of complainant and his neighbors as to cause fraud when used by anyone else.

§ 111. Association of the Name and the Locality Must be Close.—The association between the goods of the complainant and the place name in question must be clear. One may go from any part of the world to Rosendale and begin to make and sell Rosendale cement there, free from interference by the courts; but he may not make cement in any other place and sell it as coming from Rosendale, for by so doing he will confuse his product with that of dealers there. His product may be better than that of the Rosendale quarries, but that does not excuse him. He may not dictate to buyers. They have a right to be dealt with fairly. That they prefer cement from Rosendale, though it cost more and is inferior to his cement, is not any concern of his.⁹

§ 112. Secondary or Acquired Meaning.—“The name of a person or a town may have become so associated with a particular product that the mere attaching of that name to a

⁹ *Rugby Portland Cement Co., Ltd. v. Rugby & N. P. C. Co., Ltd.*, 9 R. P. C. 46-48-1891. Plaintiff had for some time manufactured Portland cement, which it called “Rugby Portland Cement.” Defendant or its predecessor had also for some years manufactured Portland cement, with which it had occasionally filled orders for “Rugby Portland Cement,” although it did not invoice it under that name. Both companies were located near but not in Rugby. The plaintiff was denied an injunction, the court saying: “The plaintiffs cannot monopolize the use of the name ‘Rugby’ as applied to all Portland cement made out of the blue lias formation which is situated in the neighborhood of Rugby.” *Glendon Iron Co. v. Uhler*, 75 Pa. St. 467-1874. Both parties made iron in borough of Glendon,

incorporated. Plaintiff began to make use of word “Glendon” in 1844, and in 1871 defendants began to mark their iron with that name and “U. F.” their initials. The Glenfield starch case was distinguished in that Glenfield was an estate where about sixty people lived, while Glendon was a borough and “the name which an individual may give to his estate is unlike that which legislative sanction has given to a municipal corporation. The rights of the public in each are radically different” (p. 470). Plaintiff’s sole right to use of word was denied, although the bill alleged that name had come to mean in iron trade the iron of the plaintiffs, which was of peculiar grade, and the referee found the principal facts as set out in the bill.

similar product without more would have all the effect of a falsehood.¹⁰

"Geographical names often acquire a secondary signification indicative not only of the place of manufacture or production, but of the name of the manufacturer or producer and the excellence of the thing manufactured or produced, which enables the owner to assert an exclusive right to such name as against everyone not doing business within the same geographical limits; and even as against them, if the name be used fraudulently for the purpose of misleading buyers as to the actual origin of the thing produced, or of palming off the productions of one person as those of another."¹¹ On this subject see also §§ 69, 82-86, 110, 125.

In cases of this sort a distinction must be made between names which are local, that is, which are associated with a certain specific locality, and those which, while based on the name of a place, are not so associated. In the one case they serve as a sort of directory — a signboard to all who see the name, which tells them where the concern using the name is located. For that concern to move and take the name along with it, would serve to deceive the public.

In *Armstrong v. Kleinhans*, a building was named by the owner "Tower Palace." A building was called "Tower Palace" and the store in it "The Tower Palace Carpet Store." When a tenant who had occupied the store moved and attempted afterward to use the name "Tower Palace" it was held he could not claim the name because it was the name of the building.^{11a}

¹⁰ *Herring-Hall-Marvin Safe Co. v. Hall's Safe Co.*, 208 U. S. 554-59-1908, citing *Walter Baker & Co. v. Slack*, 130 Fed. 514-1904.

¹¹ *French Republic v. Saratoga Vichy Co.*, 191 U. S. 427-35-1903; 48 L. ed. 247; 24 Sup. Ct. 145.

^{11a} 82 Ky. 303-1884; 56 Am. Rep. 894. Plaintiff sought to remove from a storehouse, No. 150 West Market street, occupied by the defendant, a sign reading "Tower Palace" and to

enjoin them from using these words in any way. From 1871 to 1877 plaintiff had occupied this building. When he left the building he took without consent of the owner the sign from its place and put it upon the house to which he removed. When the owner took possession he put a new sign reading "Tower Palace" where the other had been and called his store while he occupied the building "The Tower Palace Carpet

§ 113. Universal Knowledge of User not Required. — Unfair competition does not deal with place names which are used in their usual signification, but with those in which someone has acquired a special right or property,—when, in other words, they are used in an unusual sense. Such rights are acquired by user — by association.

The knowledge of such user need not be universal; it is enough that it exists among such persons as knew, at the time the action is brought, of the existence of complainants' business or goods.¹² "Universality of recognition, therefore, is not required. What is required is that a substantial section of the purchasing public should be proved to identify the trade name with the plaintiff's goods, and that this should be true of the district in which the defendant's trade is done."¹³

The fact that plaintiff's sales have been small is not a defense to the action.¹⁴ If, however, the plaintiff's goods are absolutely unknown in the defendant's territory, there could be no passing off. But if the plaintiff's goods are even slightly known there — that is to such extent as not to be negligible — then the plaintiff should be protected.¹⁵

§ 114. Extent of District to Which a Name Applies. — The question often arises as to the extent of a district in which

Store." That sign was on the building when the defendant took possession. The court held that the building was named by the owner. The plaintiff advertised his business extensively. There was evidence to show that since his removal he had lost business because of the Market street house being still called "Tower Palace." *Held*, that the name described the place — the building — not the business, or the person carrying it on, and was never used as a trade-mark by the plaintiff. *Ball v. Broadway Bazaar*, App. Div. (2d Dept.) N. Y. Law Jour., Oct. 29, 1907. Plaintiff was a dealer in children's clothes on Twenty-third

street (Manhattan), New York, under the trade name "Best & Co., Liliputian Bazaar." Defendant was engaged in the same business on Broadway in Brooklyn under the trade name "Broadway Bazaar — Brooklyn's Best Liliputian Store." *Held*, that the use of this trade name by the defendant involved no infringement of the plaintiff's rights, the locality being different. No deception shown.

¹² *Faulder v. Rushton*, 20 R. P. C. 477, 1902.

¹³ Cutler, *Passing Off*, p. 48.

¹⁴ Cutler, *Passing Off*, p. 52.

¹⁵ *Braham v. Beachim*, 7 Ch. Div. 848-1878.

the right to a certain name may be claimed. Does it apply to a township or merely to a parish or village or to an entire countryside? Local conditions necessarily govern these cases. In *Braham v. Beachim*,¹⁶ it was held that "Radstock Colliery" might mean a colliery within a district called by the name Radstock or a colliery within Radstock parish proper; and further, that the parish had not given its name to all the collieries on the coal vein in that neighborhood. A name often has many meanings. New York is the name of a state, a county, and a city. All the facts of each particular use must be studied, to discover the meaning of the names as used in the case under consideration. Is that use an honest one, an accurate one, is it used, not to imitate but to separate, to differentiate?

What is the understanding of the average man — the general public — as to the meaning of the name? This question is far more important, in the eyes of the court, than the fixing of

¹⁶ *Braham v. Beachim*, 7 Ch. Div. 848-1878. Plaintiff owned all collieries in parish of Radstock. The same seam of coal was worked outside the parish by others. Before 1848 predecessors of the plaintiffs used name "Radstock Coal Co." and later "Radstock Coal Works." Defendants in 1868 began as "Radstock Wagon Co.," using name "Radstock Coal Co." Confusion resulted and plaintiff adopted "The Rt. Hon. the Countess Waldegrave's Radstock Collieries." Defendants then used name "The Radstock Colliery Proprietors." Then they put up the sign "The Radstock Colliery Proprietors Coal & Coke Office," and later still "The Radstock Coal Company, Colliery Proprietors, Coal & Coke Office." Fry, J. held, when plaintiff changed name from Radstock Coal Co. and Radstock Coal Works defendants were bound as honorable men not to follow suit. Plaintiff, as sole owner of collieries

in Radstock parish, is presumably alone entitled to call herself "Radstock Coal Proprietor." "The fact that a vein of Radstock coal runs out of parish of Radstock does not entitle all workers of it to describe themselves as Radstock Colliery Proprietors. The genus includes the species and by using name of Radstock coal proprietors defendants represented themselves as selling coals of plaintiff and others which comes under description Radstock coal. There is great distinction between Radstock Colliery (which may mean a colliery within the district) and a colliery at Radstock, because that means a colliery within the parish of Radstock and I do not believe that the parish has given its name to all the collieries in the Radstock series" (p. 856). Defendants enjoined from use of Radstock Colliery Proprietors until they acquire a colliery in parish of Radstock.

boundaries. The meaning of a geographic name and the extent of the section to which it applies, may be said to be qualified by the section from which orders or customers may be expected to come. In some instances this might mean a large part of the civilized world, in others a few blocks in a city. What is a merchant's market? His protection should be coextensive with that. See § 85.

§ 115. Length of User Necessary to Acquire Secondary Meaning.—It takes time to acquire a secondary meaning. In the *Yorkshire Relish* case the time was twenty-five years, in the *Silverpan Jam* case, about fourteen years, in the *Anatolia Licorice* case, six weeks. From these instances it will be seen that there is no rule as to the length of time required. It must be governed by the conditions in each case, depending on the locality, the nature of the business, and the kind of goods involved.

§ 116. Place Names May Acquire Abstract Meaning.—There is a difference between a place name used on goods denoting that they come from a specific place and one which originally had such a meaning but has come, by usage, to be a term generally applied to all goods having the properties and characteristics which the natural product has. In such case, a place name does not acquire a special meaning applied to goods of one person alone but becomes a general abstract term, an abstract noun of the language. The name *Epsom Salts* is an instance of this.¹⁷

¹⁷ *City of Carlsbad v. Kutnow*, 71 Fed. 167-1895; 35 U. S. App. 750; 18 C. C. A. 24. Lacombe, J., said: "The *Carlsbad Sprudel Salts* in either form, therefore, is a natural product, and well known as such; and there is no proof in the case that the complainants have used the name 'Carlsbad' upon any but genuine *Carlsbad Sprudel Salts*. And we concur with the circuit judge in the finding that there is no evidence in the record that any artificial salts have, from similarity or otherwise, come to be known by

the name of *Carlsbad*, as in the case with the *Epsom Salts*, a term now generally applied to sulphate of magnesia, whether such sulphate of magnesia comes from *Epsom* or not. Under these circumstances the complainant, the *City of Carlsbad*, has the right to indicate the origin of these natural salts by its own name, and would be entitled to the aid of a court of equity to prevent anyone from using that name to induce the public to accept as genuine artificial salts not the product of the *Carlsbad springs*" (at p. 757).

§ 117. Secondary Meaning Acquired in One Kind of Business is not Applicable to Others.—Property in a place name for all purposes cannot exist in one person, under ordinary circumstances. The defendant must be using it in the same or a similar business as the plaintiff. Large amounts of rubber as well as licorice might be found in Anatolia. If there were, the rights which the complainant has acquired in the use of the name in the licorice business would not prevent another under certain conditions from acquiring a sole right to use the name in the rubber trade.¹⁸

§ 118. Degree of Resemblance Necessary.—The resemblance necessary to constitute unfair competition in these cases of geographical names is the same as with other names. There must be ambiguity. There must be such confusion as will bring some loss or injury to those who have already built up a business of their own. The primary right of all to use the geographical names must be considered in connection with the other right which each man has to be free from fraudulent competition. A further discussion of the question of similarity and secondary meaning is found in the chapter on Names of Goods, Business Names, and Similarity.

§ 119. Geographical or Place Names Which Indicate Origin and Source Falsely.—The importance to the busi-

¹⁸ *McAndrew v. Bassett*, 4 De G. J. & S. 380-1864. The plaintiffs were large manufacturers of licorice. They styled this licorice "Anatolia," which was the name applied to a whole tract of country wherein licorice root is largely grown. At the time plaintiffs began to use the word there was no other manufacturer of licorice stamping it with the word. Subsequently, in response to an order for Anatolia licorice, defendants caused a stamp to be prepared containing the word "Anatolia" and put it on the goods and afterward continued to use it. The court below granted a perpetual injunction restraining the use of the

word "Anatolia" by the defendants on licorice. In response to the argument that the word "Anatolia" was common to all, the court said: " * * * Property in the word for all purposes cannot exist, but property in that word, as applied by way of stamp upon a particular vendible article as a stick of licorice, does exist the moment the article goes into the market so stamped, and there obtains acceptance and reputation, whereby the stamp gets currency as an indication of superior quality, or of some other circumstance, which renders the article so stamped acceptable to the public" (p. 386).

ness world of place names not being lying brands but truthful statements of where goods are made, or produced, is recognized by equity. If anyone who wishes may use a name, whether technical trade-mark or not, untruthfully, or if he may use a name which gives false information as to his goods, the result is fraud on the public, loss of business by the plaintiff, and a loss of incentive to dealers to create individual reputations for themselves and their goods. Reputations cannot exist apart from names. It is important then, that names indicating source or origin of goods should be most accurately used and should, when truthful, be given full protection. One cannot make "Minneapolis" flour in Wisconsin, where there is a brand of well-known "Minneapolis Flour" made in Minneapolis. One is quite free to go to that city, and make flour there, and it may be that his product may properly be called "Minneapolis" flour; but to use that name on flour made in any other place is to use it in fraud of the rights of manufacturers in Minneapolis; is to use it so as to make of it a lying brand, a name giving false information; is to misrepresent the source or origin of the goods.¹⁹ If one person be allowed to use such a lying brand, all may, and the good-will of various concerns, built up by years of work, will be injured and perhaps rendered valueless. If the private interests involved in this question are great, the public interests are greater, for the public has a right to honest brands and honest goods.

¹⁹ *Pillsbury-Washburn Flour Mills Co., Ltd. v. Eagle*, 86 Fed. 608-1898; 30 C. C. A. 386; 41 L. R. A. 162, reversing 82 Fed. 816-1897. "The complainants can have no exclusive right to the use of the geographical names of 'Minneapolis' or 'Minnesota.' They are not the subject of a trade-mark proper. Any one or more of the two hundred thousand inhabitants of Minneapolis may use that word upon their flour. The defendant or any other person from any state may go there and establish a mill and brand his flour 'Minnesota Patent' and

'Minneapolis, Minnesota.' The defendant might have continued to buy Minneapolis flour, and branded it 'Minneapolis, Minnesota,' and had all the benefit which these marks would give him in the market, because he would be adhering to truth and fair dealing. But when he placed these same brands upon another flour, manufactured in Wisconsin, he departed from the truth, and placed a lying brand upon his goods, which was intended to deceive, and could not but deceive, the public and result in injury to the complainants' business."

Both in England and America, the distinction has been made between cases where a geographical name has been adopted and claimed as a trade-mark proper and those where it has been adopted first as merely indicating the place of manufacture, and afterward, in course of time, has become a well-known sign and synonym for excellence. This distinction is unimportant. Persons doing business at places other than that bearing the name they use on their goods will not be permitted to use this geographical name as a brand or label for goods, merely for the purpose of fraud and false representation and to appropriate the good-will and business which by long-continued industry and skill and a generous use of capital another has rightfully built up. It will be of no avail in such cases, where the facts are admitted or proven, to allege a want of power in equity to give relief. The court has long exercised similar powers.

To sell artesian well-water as "Blue Lick Water," which the public would understand from the name to mean water from a spring well known to many, is fraud. If a purchaser calls for Carlsbad salts he has a right to be sure the article comes from Carlsbad and not New York. To use that name upon artificial salts made in New York is to deceive the purchaser as to the origin of the goods, the place from which they came, and to state an untruth. He may be injured, and the trader rightfully using the name dealing in the same sort of goods may be defrauded of profits which are the result of his work in building up his business under the name, now wrongfully used by his competitor.²⁰

²⁰ *City of Carlsbad v. Kutnow*, 68 Fed. 794-1895, affirmed, 35 U. S. App. 750-1895, 71 Fed. 167. The City of Carlsbad as proprietor of the Carlsbad Springs, had for years evaporated the waters into salts, which were sold as "Carlsbad Sprudel Salz." Defendants, who were New York druggists, made a similar salt, without the use of the genuine Carlsbad water, and sold it under the name "Improved Effervescent Carlsbad Powder." *Held*, that if arti-

ficial salts have come to be known by the name of "Carlsbad Salts," from similarity or otherwise, the defendants have the same right to sell such salts by that name that they have to sell anything by the name by which it is known. If the defendants procured genuine Carlsbad waters or salts, and put them up in different forms, or with other ingredients, to improve their taste or vary their effects, these words used would be truthful, and they would seem to

§ 120. Relative Location of Plants of Rivals — Effect on Names.—The fact that the place where the defendant makes his goods or where he procures raw material is near to the spot from the name of which his rival's goods is obtained,

have a clear right to use them in such preparations; but the plaintiffs' proof tends to show that the defendants' salts are not, in substance, genuine Carlsbad salts, in any form. No proof has been brought showing that the plaintiffs have used the name of "Carlsbad" upon any but genuine Carlsbad Sprudel Salts, and the defendants use the name "Carlsbad" upon artificial salts having no connection with that name because of its connection with the genuine Carlsbad Sprudel Salts. Carlsbad, with its springs, is far away. This use of its name in connection with a preparation so similar to this well-known product of them is some representation that it is a genuine product of them. Calling the powder "Improved Carlsbad" is a direct representation that genuine Carlsbad powder has been taken to be improved upon; and calling it also "effervescent" is a representation that the improvement is in the effervescence. This is putting the plaintiffs' mark to some extent upon the defendants' salts, and is calculated to lead customers to think they are the salts of the plaintiffs. Such deception would be actionable at law, and is preventable in equity. *Improved Fig Syrup Co. v. California Fig Syrup Co.*, 4 C. C. A. 264—1893; 54 Fed. 175; *Von Mumm v. Frash*, 56 Fed. 830—1893. *Parkland Hills Blue Lick Water Co. v. Hawkins*, 95 Ky. 502—1894; 26 S. W. 389. Plaintiff marketed "Blue Lick Water" since 1888. Defendant later

began to sell "Parkland Hills Blue Lick Water," words Blue Lick being very prominent on their label. Their water came from an artesian well at Lexington. Blue Lick spring used by plaintiff had been famous for more than one hundred years. "Name Blue Lick indicated origin and ownership or place of the product and is one in the exclusive use of which the appellees should be protected. The proof discloses a scheme by which, when a thirsty patron * * * called for Blue Lick water, * * * he was to be given water from the artesian well of the appellant. This was no less a fraud on the public than on the appellee." *Compania General de Tabacos v. Rehder*, 5 R. P. C. 61—1887 (Ch. Div.). Plaintiffs succeeded to the business of the Spanish government in the manufacture of cigars, and continued to use the same labels and marks, including the word "Cavite," the name of a district in which the cigars were manufactured. Defendants were using for their cigars labels closely resembling plaintiffs' and were likewise using the name Cavite. It was not proved that their goods were manufactured in the district of Cavite. Interlocutory injunction granted. *Wheeler v. Johnson*, 3 L. R. Ir. 284—1879. Use of words Cromac Springs for name of waters from a spring at a locality called Cromac will be protected if defendant uses the name so as to pass off the waters he sells as those of the plaintiff.

is no justification for his using that name to the injury of another. That clay is taken out of the same seam or vein, although in a place distant from the spot where a rival is located, and that this clay is of the same quality constitutes no justification.²¹

²¹ *Dunnachie v. Young*, 10 Scot. Sess. Cas. (4th ser.) 874-1883. Dunnachie was on Glenboig; the clay the plaintiff used was found and manufactured there; and in putting the name of the place into this trademark he was only following the course ordinarily pursued. The respondents were not on Glenboig. "In taking that word, they took it only because it denoted goods known in the market to be of high quality, and, if they are to find virtue in it, this will only be because those who at first or second-hand are the purchasers of their goods read the word as indicated that the goods are the product of a manufactory other than Heathfield. The respondents try to justify their assumption of Glenboig, first, on the ground that their clay is of the same seam; and second, that the word 'Glenboig' as used by them is qualified by the word 'Young's' and so misapprehension not to say deception is prevented. The fact assumed is the former of these grounds, and has, I think, been established, but it is insufficient as a justification. The least that can be said on the subject is that the word, as used, is ambiguous. That, in my opinion, would be enough. Why should the respondents use a word that may mislead people to buy their goods as the goods of the complainants? If all the respondents desired to suggest is that their bricks are made of the clay of the Glenboig seam raised on Heathfield, a word or words

could be introduced by which this could be communicated" (p. 886). *Seixo v. Provezende*, 1 Ch. App. 192-1865. Since 1848 plaintiff had marked his wine "Seixo," with his coronet stamped over it. In 1862 defendant put on the market "Seixo de Cima" (upper Seixo). Seixo means stony or pebbly, like Steinwein in German. Defendant's vineyards were on Sitio de Seixo (district of Seixo). Plaintiff owned Quinta de Seixo (Seixo Estate). "Assuming the truth of what is contended for by the defendants, i. e., that parts of their vineyards are known by the name Seixo, that does not justify them in adopting a device or brand the probable effect of which is to lead the public when purchasing their wine to suppose that they are purchasing wine produced from the vineyards not of the defendants, but of the plaintiff" (at p. 198). Distinguishing *Leather Cloth Co. v. American Leather Co.*, 11 Jur. N. S. 513-1865. *Bewlay & Co., Ltd. v. Hughes*, 15 R. P. C. 290-1898. Plaintiffs had for some time been selling cigars named from a district in India "Flor de Dindigul." Defendant afterward began selling cigars under the brand "Cigarro de Dindigul," claiming the right to do so on the ground that the tobacco came from Dindigul in India. He was enjoined from using the name "Cigarro de Dindigul," or from using the name "Dindigul" at all without clearly distinguishing his cigars from plaintiffs'.

§ 121. **Power of Equity to Limit Use of the Name of a Locality to those Doing Business in that Locality.**—A person using a place name, in which he has acquired rights, and which indicates the origin of his goods, may compel others who would use the same name to do business in the district the name designates, or stop using it. If a place name indicates quality, it would seem unfair for him who uses it to move to another place and continue to use the name, if by moving his plant any change was made in the quality of his product by reason of the fact that natural resources, which existed at the first place, became unavailable to him. For instance the quality of wine, or of clay products or tobacco may largely depend on the place of manufacture or cultivation.²² See § 123.

§ 122. **Names of Cities.**—Anyone has the right to use the name of a city as the name of his goods, as a general principle.

²² *A. F. Pike Mfg. Co. v. Cleveland Stone Co.*, 35 Fed. 896-98-1888. The names "Green Mountain," "Willoughby Lake," "Lamoille," and others as designating scythe stone, had been used by complainant and its predecessors for a number of years. Defendants acquired a quarry adjacent to complainant's, and branded theirs in the same way. It was urged, first, that the brands employed by defendants did not infringe. Defendants used the exact words "Lamoille," "Green Mountain" and others, but in place of "Willoughby Lake," employed the title "Willoughby Ridge." It was urged that "Lamoille" and "Willoughby Lake" were geographical terms. The defendants quarried stones 200 miles from Lamoille county and Willoughby Lake, and applied to this stone the names "Lamoille" and "Willoughby Ridge." Assuming that complainants cannot have a valid trade-mark in these names, it seems settled that a manufacturer will be protected in the use

of a geographical name as against one who does not carry on business in the district so designated. *Blackwell v. Dibrell*, 3 Hughes 160, Fed. Cas. No. 1,475-1878; *Newman v. Alvord*, 49 Barb. 588-1867; affirmed in 51 N. Y. 189-1872. *Blackwell & Co. v. Dibrell & Co.*, 3 Hughes (U. S.) 151-178; Fed. Cas. 1,475 (C. C. Va.). Complainants were successors to one who, taking up a small tobacco business at a little place called Durham, adopted the word "Durham" with the figure of a bull as a trade-mark, and developed a very large business. The neighborhood of Durham came to be known for the quality of the smoking tobacco there grown; and the place grew and became well known, owing largely to the development of the business of the complainants' predecessors. *Held*, that complainants were entitled to the exclusive use of the word and figure, particularly as against competitors manufacturing elsewhere than at Durham.

but not the right to do so to the injury of another trader or manufacturer using the name rightfully. St. Louis has become known for the quality of white lead made there. For a Chicago manufacturer of lead to call his product St. Louis lead, to the injury of St. Louis dealers, is unfair.²³ This injury may be in

²³ *Southern White Lead Co. v. Cary*, 25 Fed. 125-1885. Complainant, a manufacturer of white lead in St. Louis, stamped upon its kegs the words, "Southern Company, St. Louis, Warranted Strictly Pure White Lead in Pure Linseed Oil." St. Louis had an established reputation for pure white lead, and complainant had maintained for years a large trade at that place as manufacturer. Defendants manufactured their lead at Chicago, branding it "Southwestern St. Louis." Surrounding the words "Strictly Pure White Lead," the words "Southwestern St. Louis" appearing in the same form as the words "Southern Company, St. Louis," and a label on it stating it was strictly pure. Analysis showed complainant's lead to be pure and defendant's to be adulterated. *Held*, Gresham, C. J., that "the defendants so branded the heads of their kegs as to naturally mislead and induce persons purchasing for consumption to suppose they are purchasing complainant's lead, when they are getting an inferior article. The brand used by the defendants is so like the complainant's as to induce the public to mistake the one for the other. The defendants sell their goods to retail dealers, and it may be that such dealers are not deceived, but they sell to consumers who are or may be deceived. The complainant is entitled to relief, if the brand used by the defendants sufficiently resembles the complain-

ant's brand to be mistaken for it, and the defendants adopted their brand for the purpose of selling their kegs as the kegs of complainant, or for the purpose of enabling retail dealers to do so, and the complainant has been injured by this fraud, or is likely to be injured by it. The complainant manufactures its genuine white lead at St. Louis, and its reputation is already established as a manufacturer and dealer of this character. The defendants manufacture their adulterated and greatly inferior lead at Chicago, and stamp upon their kegs a false brand in imitation of the complainant's brand. Why is this done unless it be in the hope of deceiving the public and injuring the complainant? Realizing that they could not engage in open manly competition with the complainant, the defendants resort to a palpable trick. If this resulted in no injury to the complainant, or was likely to result in no injury to it, the bill would have to be dismissed. But the affidavits show that the defendants' kegs can and have been sold as the complainant's" (id. p. 126). *Huntley & Palmer v. Reading Biscuit Co., Ltd.*, 10 R. P. C. 277-1893. Plaintiffs had long made at Reading biscuits very widely known as "Reading biscuits." In many cases the tins were so marked and the words were used in catalogues. Plaintiffs were substantially the only biscuit manufacturers in Reading. Defendant corporation

loss of trade in the city, the name of which is a part of the trade name; or it may be in loss of trade in some distant place, where the goods find a market under that name. The right of all citizens of a city to use its name in christening their goods will not excuse their using it so as to injure their rivals by deceit, fraud, or trickery. An illustration of such a use of a city name is found in the "St. Louis Beer" cases. This beer was sold in South America and Panama, as well as in the United States.

In *Anheuser-Busch Brewing Association v. Piza*,²⁴ complainant did business at St. Louis, Mo., and had been accustomed to export beer in bottles with a label bearing the words "St. Louis Lager Beer" to South America and Panama. Neither defendant nor any other person in the export trade had been accustomed to use the words "St. Louis Lager Beer." Defendant shipped beer from New York in competition with complainant. It was shown that at Panama and in South America "St. Louis Lager Beer" was in demand. Defendant's beer was made in New York and his bottles were so labeled as to represent that the beer was made at St. Louis, and that his firm were the sole agents for the St. Louis lager beer. He insisted that buyers did not discriminate between complainant's article and other beer made in the United States, but bought it simply because they supposed St. Louis beer was produced in the United States, as distinguished from German and English beer, but the court said: "This may be true; but, if it is, it does not seem to be conclusive against the right of the complainant to the injunction which he seeks. As the goods

was formed by the owners of an existing bakery business, established at Reading, to manufacture biscuits under the name of The Reading Biscuit Company, but had not yet commenced business. Injunction granted against the use of the word "Reading" in connection with biscuits not manufactured by plaintiff, unless clearly distinguished from plaintiff's goods. Chitty, J., says: "It is necessary to look carefully into cases like the present, because it does not depend on the form; it does not de-

pend on how it is done, or the names which the defendants in cases of this kind endeavor to set up. The court has to look at the substance and when the court finds that in substance, notwithstanding there are many things which the defendant could do which are legitimate and within his right, yet he is so contriving them as to take away something which belongs to another man, it is the duty of the court to interfere" (at p. 280).

²⁴ 24 Fed. 149-50-51-1885.

of the parties go to the same markets it can hardly fail to happen that the complainant will lose sales, and the defendant will get customers, in consequence of defendant's acts. Although the defendant cannot have an exclusive property in the words ' St. Louis ' as a trade-mark, or an exclusive right to designate its beer by the name ' St. Louis Lager Beer,' yet, as its beer had always been made at that city, its use of the designation upon its labels is entirely legitimate; and if the defendant is diverting complainant's trade by any practices designed to mislead its customers where these acts consist in simulating its labels, or representing in any other way his products as those of the complainant, the latter is entitled to protection. It is no answer for the defendant, when the complainant asks for protection, to say that it has no exclusive right to designate its product in the manner it has, although this might be very properly asserted by a competitor selling beer made at St. Louis, or who, by reason of any circumstances, might be entitled to represent his product as originating there.²⁵

* * * It is sufficient that it was lawful for the complainant to use that name (St. Louis) to designate its property; that by doing so it has acquired a trade which is valuable to it, and that the defendant's acts are fraudulent, and create a dishonest competition, detrimental to the complainant."

§ 123. Effect of Moving a Plant or Business.—The right to use a geographic name indicating source is not lost because the one using it moves his plant to another place. This is not a reason why he may not continue to claim protection in the use of the name of the place where he was formerly located, if it has, prior to the time of his removal, acquired a secondary meaning, as used by him, which will cause fraud and deceit of purchasers, if used by another, even though that other is making the goods at the place whence the first mentioned maker had removed.

For instance one G. in 1891 acquired the plant, stock, goodwill and all rights in a well-established business of manufacturing plows, long carried on at a village called Deer River, the plows being branded with the words " Deer River " and widely known as " Deer River " plows. Plaintiff then re-

²⁵ *Canal Co. v. Clark*, 80 U. S. 311-1871; 20 L. ed. 581.

moved the factory to Lowville in the same county, continuing the old name and brand "Deer River." Two or three years later defendant, a former employee, bought the old factory building, representing that he was to use it as a blacksmith shop and general repair shop. He began, however, to make plows there in imitation of plaintiff's and branded them as "Deer River" plows and placed his own name upon them and his salesmen represented the plows to be identical with that made by the plaintiff and his predecessors. It was held, that the plaintiff was entitled to preliminary injunction restraining defendant from the use of the name "Deer River" on his plows.²⁶

In *Siebert v. Gandolfi* it is stated that "if the geographical name has become a secondary designation indicative of the product of the particular manufacturer, it is as much entitled to protection as any arbitrary or fancy name * * * and the circumstance that the manufacturer may have removed his place of business, and his making the product in some other place is of no more consequence than it would be if he had adopted the fancy name."²⁷

§ 124. Names of Natural Products.—The same rules that apply to names of manufactured articles apply to the names of natural products which have been rendered valuable by the owner's brains and labor, such as names of natural springs. The Wisconsin court, on the petition of the owners of the "Bethesda Mineral Spring" enjoined the use of the name "Glenn Bethesda Mineral Water" where the owners of the latter made misleading representations as to the ownership

²⁶ *Gebbie v. Stitt*, 82 Hun (N. Y.) 93-1894; 31 N. Y. Supp. 102 (Gen'l Term, 4th Dep't.).

²⁷ *Siebert v. Gandolfi*, 149 Fed. 100-1906 (C. C. A. 2nd Cir.). Complainants were the successors of the original manufacturer of Siebert's "Angostura Bitters," with which the name "Angostura" had long been identified; this name was that of a city in Venezuela where the bitters were first made, though the factory had long since been transferred to

Trinidad. Defendants made bitters of a similar kind at Baltimore and sold them as "Angostura Bitters," imitating at the same time complainants' bottles and labels, but correctly stating in the labels and circulars their own name and the place of manufacture. *Held*, that the word "Angostura" had acquired a secondary meaning and was not open to the use of defendants, and these rights were not lost by the removal.

of the spring of the plaintiffs, the defendant's spring being 1200 feet away from theirs, although the two waters were identical in their character. The decision was based on the court's belief that "the rules laid down in respect to an artificial or manufactured article are said to apply to the proprietorship of any peculiar natural product which a party may have acquired with the avails of his industry, sagacity, and enterprise; the owner or vendor of the one, equally with the owner or vendor of the other, having a right to the exclusive use of his mark employed in connection with sale of the commodity."²⁸

In Canada, in a case where there was no misrepresentation, a case of this sort was distinguished from the Stone Ale case, because the water was not a manufactured product, but a product of the soil, and the name used applied to a locality in which both springs were located and the defendant was entitled to indicate in his name the source of his natural product.²⁹ But in an American case,³⁰ the use of the name "Clys-

²⁸ *Dunbar v. Glenn*, 42 Wis. 118-35-1877. For seven years plaintiffs owned a mineral spring in village of Waukesha, generally called the "Bethesda Mineral Spring," and sold its waters widely over the country. Defendants began to sell "Glenn-Bethesda Mineral Water" and published circulars giving misleading facts as to ownership of the Bethesda Spring. Defendants claimed to own spring 1,200 feet from plaintiffs' spring with water identical with that of plaintiffs' spring in all respects. *Held*, it is the rule that the owner of a trade-mark has a right to protection in the sole use of it. Citing *Coats v. Holbrook, Nelson & Co.*, 2 Sandf. Ch. (N. Y.) 586-1845; *Congress and Empire Spring Co. v. High Rock Congress Spring Co.*, 45 N. Y. 291-1871.

²⁹ *Grand Hotel Co. v. Wilson*, 21 R. P. C. 117-1903. Plaintiffs

owned springs in township of Caledonia, Ontario, which spring water they sold as "Caledonia Water," etc. One defendant bored on land belonging to another of the defendants, adjoining land of plaintiffs, and got water similar to plaintiffs' and began to sell it as "Natural Saline Water from the New Springs at Caledonia." *Held* by the Privy Council that there had been no imitation of get-up or marks, and defendant was entitled to indicate the local source of the waters sold by him and had adequately distinguished their product from that of plaintiffs. Court made the point that waters were not manufactured goods (hence the Stone Ale case did not apply), that the waters got their properties from the soil of that locality. It was shown also, that the word "Caledonia" applied not only to plaintiffs' spring, but also to a spring two miles away, called

mic " for a spring was enjoined where the name was not one which had ever been used in the locality where the springs were, except by the plaintiffs. In other words, if the name is given to a spring by one person, another may not use it although the latter's water comes from the same locality but is not put on the market until after the name had been applied to the place by the plaintiff.

§ 125. Geographic Names Which Indicate a Process of Manufacture.—Again, geographical names may indicate that the goods so named are made by a particular process, or in a manner peculiar to a particular place. A. has long made a certain product at X. in a manner peculiarly his own, which is not patented. That fact is one widely known, and it comes about that any of that product bearing the name X. will be taken to have been made by him. "Stone Ale" which was made in the town of Stone in England, and "Worcester China" which has for years been made at Worcester, England, by a few firms in a particular way, are illustrations of such names. For a stranger to make ale or china under these names in these places or elsewhere could not but create confusion.

the D Spring. The court admitted defendants' water was likely to be more profitable because of situation of springs of defendant and that the defendant was entitled to any profit that might come from that fact in this instance, but held that defendants were not proved to have sold water as "Caledonia Water" and that the use of words "New Springs" by defendants distinguished their goods from plaintiffs'.

"*Hill v. Lockwood*, 32 Fed. 389-1887 (C. C. E. D. Wis.). Plaintiff purchased a spring of mineral water, known as the "Clysmic Spring." Defendant was then selling agent for a certain territory; he had advertised and developed the spring, and given it its name. Plaintiff, then, by contract, gave defendant the exclusive right to sell the water for twenty

years. By defendant's efforts, the water became widely known as "Clysmic Water." Afterward, the contract being still in force, defendant purchased land adjoining plaintiff's and opened a spring there, the water of which he sold as "Clysmic Water." The name "Clysmic" had never been used in the locality except with reference to plaintiff's spring, and, that defendant had no right to sell other waters under the same name, in competition with those of plaintiff's spring. *Manhattan Medicine Co. v. Woods*, 108 U. S. 218; *Alaska Packers' Assn. v. Alaska Imp. Co.*, 60 Fed. 103; *Sherwood v. Andrews*, 5 Am. L. R. N. S. 588; *Hegeman v. Hegeman*, 8 Daly (N. Y.) 1; *Symonds v. Iowa Soap Co.*, 104 Fed. 548; *Stachelberg v. Ponce*, 23 Fed. 430; *Hazard v. Cas-*

There is a distinction between a geographic name which has become synonymous with the plaintiff's name by association and a name which has become synonymous with some process in the abstract. The distinction is necessary because a name merely synonymous with the plaintiff's goods may be protected by equity for the sole benefit of the plaintiff; but one which has become the name of a process has become an abstract word which all may use. This distinction is shown in the case of *Anheuser-Busch Brewing Assn. v. Fred Miller Brewing Co.*³¹ Complainants' predecessor had long sold a beer of special quality, known as "Budweiser" beer, because originally made of imported materials similar to those used in a brewery at Budweis, in Bohemia, and by the same process there employed. Defendant subsequently put on the market a brand of beer described as "Budweiser." There was no simulation in labels or dress. Held, that while there could be no exclusive right in the geographical name "Budweiser," as a trade-mark, and while defendant might be entitled to use the name if it truly denoted the process by which it was brewed, yet, under the evidence, it appeared that the name had been arbitrarily adopted by defendant, being in no way descriptive of the process, and that it had been adopted for the purpose of taking advantage of the reputation of complainants' beer and that its use therefore constituted unfair competition.

Similarly, the name of the town of Worcester, England, referred to above, has become associated with the china industry. It has been held that the owner of the china factories there had the right to enjoin a rival from using the name for china which he manufactured in or near Worcester. The name had been used as a name of the product of three mills for 115 years. That fact gives to the owners of these mills the right to say that Worcester china means only china made by them. On the other hand, Worcestershire sauce means

well, 93 N. Y. 259; *Dixon Crucible Co. v. Guggenheim*, 2 Brewst. (Pa.) 321; *Jennings v. Johnson*, 37 Fed. 364; *Feder v. Benkert*, 70 Fed. 613; *Fulton v. Seller & Co.*, 4 Brewst.

(Pa.) 42; *Frazier v. Dowling*, 18 Ky. L. R. 1109.

³¹ 87 Fed. 864, Circ. Ct. E. D. Wis. 1893.

sauce made by a particular process not associated with one person only, but with a place, and indicates that the sauce bearing the name is the kind originally made in Worcestershire by some one, the identity of the maker having been lost, or at any rate disregarded.³²

It is the right of any person to discover any facts he can, lawfully, as to a secret process and to use it to make goods by that process in competition with the owner. But if the competitor approximates the goods of the owner of the secret, which are made by secret process, and then calls his goods by the same name, the public is likely to believe that the imitation goods are the same as the original goods. In *Birmingham*

³² *Lea v. Deakin*, Fed. Cas. 8,154-1879. Plaintiffs had long made Worcestershire sauce in Worcestershire, England. Defendant lived in Wisconsin and got from England "Improved Worcestershire Sauce" made in London and put it on the market. *Held*, Worcestershire sauce had been long known in market and is now a generic name, applied to that species of sauce. It cannot be claimed by the plaintiffs simply because they live in Worcestershire and they cannot have sole right to use of that term for that species of sauce. *Worcester Royal Porcelain Co. v. Locke & Co.*, 19 R. P. C. 479-1902. In 1751, Worcester Porcelain was first made in Worcester, England. From 1786 to 1801 there were two china makers near Worcester making Worcester ware. From 1801 to 1840 there were three china makers near Worcester making Worcester ware. From 1840 to 1889 there were two china makers near Worcester making Worcester ware. These houses were independent and enjoyed a large reputation. The name "Worcester" applied to china has a secondary meaning relating to

china and has had such meaning for more than 100 years, aside from its geographical sense, so the court here held, and never has represented the china of more than three contemporaneous firms, all of which are now united in the plaintiff by succession or otherwise. The plaintiff claimed that Locke left their employ and, in 1896, began to make "Worcester China" which his advertisements stated was "Manufactured by E. Locke & Co., Shrub Hill Works, Worcester," and that he made other goods marked only with word "Worcester." *Held*, injunction should issue restraining from using name "Worcester" on china "without clearly distinguishing such goods from the goods of the plaintiffs" (p. 490). This ruling was made despite the fact that no actual deception was proven. *Held*, also, that the plaintiffs were not disentitled to relief because other firms had made "Worcester" china in the past at Worcester or because they had described some of their goods as "Royal Worcester" and others as "Grainings Worcester China."

Vinegar Brewery Co. v. Powell,³³ "Yorkshire Relish" had been made by plaintiffs from a secret receipt, during many years. Defendants did not discover it but approximated it, and put out their product under the same name, in a similar bottle with a similar label. Proof existed of actual deception of purchasers. It was held that, as plaintiffs had used the name for thirty years, and it was the name of a particular sauce, if anyone sold "Yorkshire Relish" he thereby alleged that he sold the particular sauce of the plaintiffs. That was passing off goods as the goods of another, for, since the recipe for plaintiffs' sauce had not been discovered, the two sauces could not be the same. The defendants thus were using a name to misrepresent their goods to be made by the same process as that used by the plaintiffs, which was untrue.

Whitstable oysters was found by the English court to mean a peculiar class of oysters fattened by the process used near Whitstable, and that all oysters of this name had an appearance peculiar to themselves. It was decided that, unless the term meant that all Whitstable oysters came from the plaintiff's beds at that place, no injunction could issue. But as it meant oysters of a certain kind, the defendant might use it on oysters answering these requirements.³⁴

³³ App. Cas. 1897-710, 66 L. J. (Ch.) N. S. 763-1897, House of Lords.

³⁴ *Whitstable Oyster Fishing Co. v. Hayling Fisheries*, 18 R. P. C. 434-1901. Plaintiff was incorporated by George III and was sole owner of the marine manor and royalty of Whitstable & Oyster Fishery thereon, and claimed especial qualities for their oysters. Defendants began to offer for sale oysters not plaintiff's, as "Whitstables &c. Imperials" which latter was a name used by plaintiff to designate oysters imported by plaintiff and fattened at Whitstable. Plaintiff had permitted persons purchasing oysters from them to sell them as Whitstable oysters with the addition of the seller's name. A

company called Sea Salter Co. with beds near those of plaintiff had also used the name for a long period. The defendants had used term Whitstable only on oysters bought from plaintiff but now claimed right to use name on other oysters. *Held* it was found below, that the term Whitstable meant a peculiar class of oyster which must answer the requirements of the trade as to appearance and also that it was a geographical term in the sense that it must have a connection, more or less, with Whitstable; that oysters answering this description were produced by defendants and might be called Whitstable; that the plaintiff had not established that the public understood Whitstable oysters

The Chancellor of Oxford University had long made bibles in a certain style which were called "Oxford Bibles." A printing house began to sell "Oxford Bibles," although it was not connected with Oxford in any way. It was held that the defendants did not show that the bibles had become so associated with the name that "Oxford" had come to be the abstract name of that kind of a bible, but that the defendants' use of the name passed off its goods as those of the plaintiff — the name was sufficiently associated with the plaintiff for this.³⁵

A person who puts on the market adulterated goods, that is, goods purporting to be made by a process which anyone is free to use, but are not so made, is doing a wrong. Perhaps he cannot under all circumstances be sued by one who also is making goods by this process, as there is in him no special right to the process in question. Such a case is to be carefully distinguished from one which concerns a process in which some one dealer has acquired rights by the association in the minds of the public of the name, not with the process, but with him personally. Such association gives him rights ample to secure standing in equity to sue. In considering apparent violations of rights in place names which indicate process this distinction is to be kept in mind.

Certain millers in Minneapolis, Minnesota, and their predecessors in business have for thirty years made flour by the roller process, and used as brands the words "Minneapolis," "Minneapolis, Minnesota," "Minnesota," "Minnesota Patent." The words "Minnesota" or "Minnesota Patent" mean that the flour is made under the roller patent process somewhere in Minnesota. These words signify to the trade that the flour was made at a Minneapolis flouring mill. A dealer in Chicago, Ill., obtains from mills at Milwaukee, Wis., an inferior grade of flour, which he labels "Best Minnesota Patent, Minneapolis, Minn." and advertises it as made at Minneapolis, Minn., with the result that the public is deceived into buying this flour under the belief that it is made in Minn-

were oysters from their beds and no other.

³⁵ *Chancellor, etc., University of*

Oxford v. Wilmore-Andrews Pub. Co., 101 Fed. 443-1900 (C. Ct. S. D. N. Y.).

eapolis, and is defrauded, and the business of the Minneapolis millers is damaged. Held, that a court of equity may grant relief by prohibiting the fraud and preventing damage to the business of the Minneapolis millers.³⁶

Complainant was a well known maker of watches at Elgin. Defendants, wholesale dealers in jewelry and watches, doing business in Iowa, adopted the name "Elgin Jewelry Company" and stated Elgin to be their place of business. They rented a small room at Elgin and had a clerk there who merely received and answered or forwarded correspondence. There were also actual misrepresentations by salesmen. Held unfair competition.³⁷

§ 126. Geographic Names May be Arbitrarily Adopted as Trade Names.—The uses of geographical names so far noticed arise naturally from association of goods and places. We will now consider the arbitrary use of geographical names. By this term is meant attaching to goods a geographical name which has utterly no connection or association with the goods, as for instance the use of the name "Vienna Bread" by Fleischmann, a baker in New York. "Boston Stores" and "New York Stores" are found in many cities outside of Boston and New York. These names are used arbitrarily, when the shops to which they are applied have no connection with the city for which they are named. This does not mean, however, that the shopkeeper is to be held to have misrepresented his business by using them. It is not fraudulent misrepresentation to call a store in Baltimore, a "Boston Store." It is merely an arbitrary use of the geographical name Boston.

Because Fleischmann lived in New York, instead of Vienna, was no reason for prohibiting him from using "Vienna," as a name of his particular kind of bread. No one was deceived by his so using the word, because everyone knows the bread is made here; but were it a fact that fresh bread could be imported from Vienna and sold in New York, it would then be unfair trade for him to sell bread made in New York, in com-

³⁶ *Pillsbury-Washburn Flour Mills Co., Ltd., et al. v. Eagle* (C. C. A. 7th Cir., April 5, 1898), 86 Fed. 808; 41 L. R. A. 162, reversing 82 Fed. 816-1897.

³⁷ *Elgin Nat. Watch Co. v. Loveland*, 132 Fed. 41-1904 (C. C. Ia.).

petition with the bread imported from Vienna under the name "Vienna Bread." In the first instance the name was used arbitrarily, in the latter descriptively.³⁸

There is no doubt but that a geographic name may be used as a trade name in a manner quite unconnected with the place of which it is the name. "To say that a geographical name can never be used in a proprietary right as a trade-mark states the rule far too broadly. * * * Had he (the plaintiff) called his establishment the 'Chimborazo Dental Rooms' no intelligent person would be likely to associate the designation with a mountain in South America. * * * We think the petition shows a proprietary right in the title, 'New York,' as descriptive of his professional abode."³⁹ Such a name is used

³⁸ *Fleischmann v. Schuckmann*, 62 How. Pr. 92-1881. Plaintiff made bread under name "Fleischmann, Vienna Model Bakery, Broadway & Tenth Street, New York, New York, Patent applied for." Later defendant sold loaves of bread similar in form to plaintiff's with label Schuckmann's Genuine Vienna Bakery, 154 E. 54th Street, New York. At Centennial in 1876, G. F. & Co., under management of plaintiffs, first used word "Vienna" for baked bread. At close of centennial plaintiff purchased right to use this word. *Held*, Vienna bread was different from other kinds. Defendant's label is similar to plaintiff's and an imitation of it. No complaint is made of quality of defendant's bread, but this is not material. Plaintiff is an Austrian from Vienna, living here. He had a right to call his bread, by way of distinction, Vienna bread. No deception is practiced as everyone knows the bread is made here, citing "Bismark collars" (*Messerole v. Tynberg*, 4 Abb. Pr. N. S. 410-1868).

³⁹ *Sanders v. Utt*, 16 Mo. App.

322-1884. Plaintiff was a dentist in St. Louis, who had for twelve years put over the entrance to his office the words, "New York Dental Rooms." The defendant carried on business about nine blocks from the plaintiff, and adopted a sign similar in appearance to that of the plaintiff, bearing the words "New York Steam Dental Company." In other ways also he employed the same words in advertising his business. *Held* that, strictly speaking, this is not a controversy about a trade-mark, but rather concerning the good-will of the plaintiff's business. "To say that a geographical name can never be used in proprietary right as a trade-mark states the rule far too broadly. When such a name is employed in connection with the place of manufacture or production, no person manufacturing or producing at that place can monopolize it against other persons manufacturing or producing at the same place" (p. 325). Citing *Brooklyn White Lead Co. v. Masury*, 25 Barb. 416-1857; *Newman v. Alvord*, 49 Barb. 588-1867.

not to indicate a particular locality connected with a business, but as a fancy designation, to distinguish the factory or business or the persons engaged in it from all others identified with the same sort of business. It is not to be understood from a name so used that the business is done in the city or state bearing the name used or that either of those geographical divisions is in any way connected with it. It would show at most only how the proprietor had found a fancy name to distinguish his place of business from others of like character.

§ 127. Such Use Must be Fair and Truthful.—Place names when so used are governed by the same rules as other trade names. Care must be taken to prevent fraud and deceit arising from the fact that they have a meaning usually far better known and understood than that which they have acquired from association with the goods of some individual. The question is not so much what is the exact character of the rights one acquires in a name so used, but rather is he using it in a deceptive, misleading way, so as to attract trade away from another user of the name. In *Van Horn, Ltd. v. Coogan*,⁴⁰ Amos Van Horn and his company sold the “Portland” cook stove which was made for him alone and sold only by him, and became well known in and near Newark, N. J., under that name. Defendant was a rival of complainant with a store a few doors away. The defendant began to sell a stove which had been known as “Columbian Dandy” as the “Portland.” It was a similar stove to the Portland stove of plaintiff. Defendant undersold complainant and put out a sign reading “Famous Portland,” “Famous Portland Range, reduced, has no equal.” It was held that the question was not “Whether the complainant has a property in the name by which his goods are distinguished in the market, but * * * has the defendant a right to use the name by which the complainant’s goods are known, for the purposes of deception, and in order to attract to himself that custom which, without the improper use of such name, would have flowed to the complain-

⁴⁰ 52 N. J. Eq. 380-1894; 28 Atl. 788.

ant?" And the answer to the inquiry is that the defendant has no such right."⁴¹

The use of a geographical name in this arbitrary way spoken of above, as in the case of the Boston store in Baltimore, is usually allowed without restriction; but it cannot be used in Boston in such a way as to injure any business there. One who

"Citing *Coats v. Merrick Thread Co.*, 149 U. S. 562-1893; 37 L. ed. 847; 13 Sup. Ct. 966; *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U. S. 537-1891; 34 L. ed. 997; 11 Sup. Ct. 396; *Putnam Nail Co. v. Bennett*, 43 Fed. 800-1890. See also *Re Green*, 8 Pat. Off. Gaz. 729-1875; "German Sirup" made in United States; *Re Cornwall*, 12 Pat. Off. Gaz. 312-1877; "Dublin" soap made in United States; *Hirst v. Denham*, L. R. 14 Eq. Cas. 542-1872; "Liverpool" hair cloth made at Huddersfield. *Weyman v. Soderberg*, 108 Fed. 63-1901 (Circ. Ct. W. D. Wis.). Complainant, a Pittsburg manufacturer of snuff, used name "Copenhagen" as a trade-mark, not to indicate that it was imported, but to attract Scandinavian trade. Defendants, retail dealers, sold snuff, made in Chicago, and put up in jars labeled "Kjbenhavn Snus." There were marked differences between the jars and labels of the two parties. *Held*, no unfair competition. *Colgate v. Adams*, 88 Fed. 899-1898 (C. C. N. D. Ill.). Complainants had long made and sold a well-known toilet soap called "Cashmere Bouquet," and generally designated in the trade as "Cashmere Soap." Defendants then put on the market a soap stamped "Cashmere" and designated upon the boxes "Violets of Cashmere." *Held*, unfair competition. *International Cheese Co. v. Phenix Cheese Co.*, 118 App. Div.

(N. Y.) 499-1907; 103 N. Y. Supp. 362 (3d Dep't). Defendant and its predecessors had since 1880 made and sold cream cheese under the name of "Philadelphia Cream Cheese" although the cheese does not appear to have been made at Philadelphia, nor to have differed in composition from cream cheese of other brands. No other manufacturers, except two or three who had been compelled to abandon its use, had used this name, but in trade journals and restaurant bills of fare the term "Philadelphia Cream Cheese" was often applied to cream cheese in general. Plaintiff then began to sell part of its product as "Philadelphia Cream Cheese." *Held*, that defendant was exclusively entitled to use this trade name; also, that the right so to use the name was unaffected by the fact that a distinctive trade-mark was applied by defendant to all its products, including this brand of cheese. It was contended in *Amoskeag Mfg. Co. v. Garner*, 54 How. Pr. 297-1876, that the plaintiff's claim was a monopoly of the word "Amoskeag," which was a geographical name. Defendant applied the word in a way to injure the reputation of the plaintiff's highest class goods to which alone it was applied by them. The defendant was enjoined from the use of it on goods inferior to those on which plaintiff used the word.

made "Chicago Waists" elsewhere than in Chicago, and so injured the business of the plaintiff who was making "Chicago Waists," in Chicago, was enjoined. Those in a certain section, interested in an industry located there, and no others, are entitled to the use of the name of the locality, if its use by persons outside that section actually does injure the trade of those living in the section or will tend to injure it.⁴²

§ 128. **Geographical Names Which Indicate Quality.**—Names like "Sea Island Cotton," "Hungarian Grass," "California Sherry," "Connecticut Tobacco," "Kentucky Hemp" or "Virginia Tobacco" denote the quality of the products more or less accurately. This is not true of a manufactured article. The name of the place where it is made does not serve to indicate its quality or composition. Where a manufacturer has given an article a geographical name, which he was the first to use in connection with it, it may, from long use in such connection, acquire a secondary meaning, and come to mean, not the place where it is made, but that it is the product of a particular manufacturer or made according to his method, or at some particular place. In *Metcalf v. Brand*,⁴³ it was shown that in 1810 B. made mustard at Lexington which became commonly known as "Lexington Mustard." In 1841 B.'s wife succeeded to the business and then sold it to her son McC. who changed the label to "Burrowe's Mustard, Lexington, Ky." In 1869, he sold to Yates & Dudley who used label "Yates & Dudley, successors to S. D. McCullough, sole manufacturers of Burrowe's Mustard, Lexington, Ky." In July, 1877, they sold to John H. Brand. In August, 1877, Brand moved business to Louisville, Ky. In 1873 Metcalfe began to make mustard at Lexington, and in 1877 he copied the can and label of Brand and moved into building vacated by him. An injunction was granted against the use of the name "Lex-

⁴² *Gage-Downs Co. v. Featherbone Corset Co.*, 83 Fed. 213-1897 (Headnote). "One making corset waists at Chicago, and selling them as 'Chicago Waists,' so that his designation has come to denote among purchasers the goods made by him, is entitled to an injunction against

another who makes similar waists in a different state and city, and sells them as 'Chicago Waists' with the manifest intent of availing himself of the reputation acquired by the other's goods."

⁴³ 86 Ky. 331-1887; 5 S. W. 773.

ington," because that name had come to mean the mustard made by the process long used by the original maker. It had acquired a reputation, and it was doubtless a reputation based on quality and not on its historic connection with the original maker.

Most of the cases already mentioned — referring to articles which have become associated with some manufacturer or plant, and which, through this association, bear names which are now synonymous with the names of these persons or factories — are really cases dealing with names which have come to stand for some quality or grade of goods. In a sense, therefore, all cases of secondary use of geographical names deal with quality. The rule still in force in such cases was laid down in 1872 in *Newman v. Alvord*.⁴⁴ The plaintiffs used the word "Akron" in designating a cement made by them near the village of Akron, in Erie county, State of New York. This word had been used by the plaintiffs and their predecessors in business about thirteen years, to designate the original quality of their cement. The defendants, who manufactured cement in Onondaga county, near Syracuse, knowing that the plaintiffs had for years used the word "Akron" as a trade-mark to designate the origin and place of manufacturing their cement, called their product "Akron Cement." The plaintiffs' barrels were labeled as follows: "Newman's Akron Cement Co., manufactured at Akron, N. Y.— The hydraulic cement known as the Akron Water Lime." The defendants labeled their barrels: "Alvord's Onondaga Akron Cement or Water Lime, manufactured at Syracuse, N. Y." They placed the word "Akron" upon their label for precisely the same reason that the defendant in the flour case⁴⁵ placed the words "Minnesota Patent, Minneapolis, Minn." upon his flour sacks and barrels, to increase their sales, and avail themselves of the reputation acquired by plaintiffs' cement. "The label," said Earl, J., "was calculated to induce ordinary buyers to believe that they were purchasing either plaintiffs' cement, or cement of the same kind and value." The sole question to be determined was held to be whether the plaintiffs, who were the

⁴⁴ 51 N. Y. 189.

Co. v. Eagle, 86 Fed. 608-1898;

⁴⁵ *Pillsbury-Washburn Flour Mills* *infra*, 41 L. R. A. 608.

only persons engaged in manufacturing and selling the real Akron Cement, which was known and had a reputation in the market as such, could be protected in the use of the word "Akron" against the defendants, who used it to defraud the plaintiffs and deceive the public. The defendants should not be permitted, by the adoption of a trade-mark which is untrue and deceptive, to sell their own goods as the goods of the plaintiffs, thus injuring the plaintiffs and defrauding the public. The plaintiffs had given a reputation to Akron cement in the market. They had always been its principal manufacturers and sellers, and at the time of the commencement of the suit were the sole parties who could be injured by the fraudulent use of the trade-mark by the defendants; and hence they were clearly entitled to the protection which they sought.

The name "Sea Island Cotton" means cotton of a certain grade desirable for certain known purposes. If poor or low grade cotton is marked and sold as "Sea Island" the reputation of the article itself as well as the trade of dealers in it may suffer. It is in the interest of honest commerce, honest branding of goods that all such misrepresentation be stopped. The same may be said of manufactured goods. It was held as to the owners of a brand of ale called "The Bull Dog Bottling,"⁴⁸ that if a brand has any reputation for quality its owner has a right to such protection as will prevent that reputation from being injured by the sale of inferior goods under that brand.

"Read Brothers v. Richardson & Co., 45 L. T. N. S. 54-1881 (Ct. App.). Plaintiffs were bottlers of ales and stouts for export. Their label bore a bull dog's head on a black ground within a circular band on which were the words "Read Brothers, London. The Bull Dog Bottling." Their goods were commonly called "Dog's Head" in the colonies. Defendants also bottled and exported ales and stouts with a label bearing a terrier's head on a

black ground within a circular band the words on which were "Celebrated Terrier Bottling, E. Richardson." *Held*, that plaintiffs were entitled to a preliminary injunction against the use of the terrier's head by defendant on bottles exported to the colonies. The rule was applied that a rival trader should not be permitted to use a mark that would tend to give his goods the same name in the market as those of his rival.

“Orient” has been held to a geographical name within meaning of section 5, Trade-mark Act of 1905, which forbids use of “merely a geographical name.”⁴⁷ “Oriental;”⁴⁸ “Continental;”⁴⁹ “International”⁵⁰ have been held geographic names.

⁴⁷ *Re Crescent Typewriter Supply Co.*, 30 App. Cas. (D. C.) 324-1908. *Continental Fire Assn.*, 41 C. C. A. 326; 101 Fed. 255.

⁴⁸ *In re Hopkins*, 29 App. Cas. (D. C.) 118-1907. ⁴⁹ *Koehler v. Sanders*, 122 N. Y. 65; 4 L. R. A. 576; 25 N. E. 235.

⁵⁰ *Continental Ins. Co. v. Con-*

CHAPTER X.

NAMES OF ARTICLES OF MERCHANDISE.

SECTION 129. Acquired or secondary meaning.

130. Names descriptive of construction necessary to an article.
131. Unfamiliar or scientific words used as names of goods.
132. Artificial or made-up words.
133. Use of identically the same name, by competitors.
134. Misuse of made-up names will be enjoined whether registered or not.
135. Names appearing to the eye as similar.
136. Names *idem sonans*.
137. Foreign words as names of goods.
138. Abbreviation of names of goods — Nicknames.
139. Names having double meaning.
140. Numerals and letters as names of goods.
141. Numerals and letters used to designate grade of goods.
142. Numerals indicating source or origin.
143. Initials as names of goods.
144. Numerals used to designate series.

For the sake of clearness we will consider names which are given to articles of merchandise, commodities, and goods as distinguished from those given to business houses. Each is a trade name and much the same rules apply to both. The names of commodities usually denote their quality, their source or origin, who made them, or the process by which they were made; but frequently they are given some name which cannot be associated with anything or in any way connected with the article bearing its name.

A trade name is defined by Mr. Cutler, "Passing Off," (Lond. 1904), p. 36, as "a word or combination of words (i. e., a phrase) which is used by the trade or the public, or as is more generally the case by both the trade and the public when asking for, or ordering, or otherwise in relation to the goods (or some of the goods) of a particular trader."

The cases here considered, relate to names of goods which are not capable of exclusive appropriation, but which are protected against general use, by the law of unfair competition.

Certain of these names are geographical in character and such names are discussed in the chapter entitled "Geographic or Place Names." (p. 226.)

§ 129. Acquired or Secondary Meaning.— Certain words, usually abstract in character, may become associated with the goods of one person in particular and come to mean his goods alone—as for instance "Turpentine Shellac"¹ which has been held to mean a preparation made by a particular company. So also of such words as "Camels' Hair Belting"² which were held to mean the particular belting made by one house. The authorities referred to in the chapter on Miscellaneous Business Names (p. 226), as to secondary meaning, apply to names of goods. See also chapter on Geographic or Place Names (p. 226).

§ 130. Names Descriptive of Construction Necessary to an Article.— The law of unfair competition does not protect a name which is based on or is truly descriptive of the construction common to, or characteristic of, the article in question. This has been held particularly true when the rival articles described are evidently constructed so as to adapt the article to the natural conditions under which it is to be used, and the name is reasonably descriptive of the structure which has resulted from such an attempt to meet these natural conditions. "These matters are characteristics of the article itself, and no dealer is entitled to impose restriction upon his competitors with respect to them. They do not necessarily or naturally point to the source or origin of the goods."³

No such general name of the article to which it is applied can be appropriated exclusively, for it is *publici juris*. If such a name could be appropriated by any one person, it would be as

¹ *Standard Varnish Works v. Fisher, Thorsen & Co.*, 153 Fed. 928-1907 (C. C. Oreg.). *Held*, on demurrer, that although the words "Turpentine Shellac," as applied to a coating for wood, could not, because descriptive, be adopted as a technical trade-mark, yet after they had long been used by complainant so as to acquire a secondary mean-

ing and become associated with its product in the public mind, the defendant might be enjoined from applying the same words to its inferior product for the purpose of misleading the public.

² See p. 166 of this volume.

³ *Heide v. Wallace & Co.*, 135 Fed. 346-1905 (C. C. A. 3d Cir. at p. 347).

if a person's name could be used only by one person while to the rest of the world he would be nameless. Nor is such a name capable of appropriation as a technical trade-mark, or as the exclusive property of one person under the broader rules of unfair competition. "Flaked Oatmeal," "Whirling Spray," "Air Cushion," are names of this kind. In *Marvel Co. v. Pearl*,⁴ the question was as to the right of one person to appropriate, to the exclusion of others, the elements of a mechanical construction and as to the limitations of the right of one person to manufacture an article similar to that of another. The plaintiff made a bulb syringe to use as a douche, by means of a whirling spray discharge, under name "Whirling Spray." Defendant made one like it, under name of "Whirl Spray." Defendant's spray was made "in the form it must be made in order to accomplish its purpose, and, if the making in that form is any representation that the thing made came from the plaintiff, it is because of the extent to which the plaintiff had made and displayed and sold it before the defendants began. Unfair competition," says this court, "is not established by proof of similarity in form, dimensions, or general appearance alone. Where such similarity consists in constructions common to or characteristic of the articles in question, and especially where it appears to result from an effort to comply with the physical requirements essential to commercial success, and not to be designed to misrepresent the origin of such articles, the doctrine of unfair competition cannot be successfully invoked to abridge the freedom of trade competition."⁵

⁴133 Fed. 160-1904 (C. C. A. 2d Cir.).

⁵Citing *Enterprise Mfg. Co. v. Landers*, 131 Fed. 240-1904 (C. C. A. 2d Cir.). *Revere Rubber Co. v. Consolidated Hoof Pad Co.*, 139 Fed. 151-1905 (C. C. S. D. N. Y.). Complainant's rubber hoof pads were known as "Air Cushion Pads" and "A. C. Pads," and the business had originally been conducted by the "Air Cushion Rubber Pad Co." Defendant made rubber hoof pads very

similar in appearance, stamping them "Air Cushion," and "A. C. Consolidated Hoof Pad Co.," and registered "A. C." as a trade-mark. Held, that defendant was guilty of unfair competition. *Weingarten v. Charles Bayer & Co.*, 22 R. P. C. 341 (H. L. 1905). Plaintiffs, an American firm, early in 1902 began to advertise and sell in England an improved form of what were known as "straight-fronted" corsets. Plaintiffs used the words "Erect Form."

Although these names cannot be appropriated by one person, they may nevertheless be fraudulently used; consequently their use is regulated and sometimes enjoined by equity, just as in the case of geographic or family names. See § 145.

§ 131. Unfamiliar or Scientific Words Used as Names of Goods.—A name may be descriptive to a person who is an expert linguist, if the name is taken from a foreign language, or to one who is a trained scientist, if the name be made up from chemical or other scientific terms, and yet will not be held to be descriptive in the sense in which that term is used here. Such words are usually unintelligible to the public and to them are entirely nondescriptive, and hence to them they are artificial words. For instance, the names "Pepto-Mangan" and "Pepto-Manganate of Iron and Cascara" would not convey very different impressions to an unlearned man, while to a chemist they might convey very different meanings. On that ground they have been held arbitrary and fanciful names.⁶

Defendants, English manufacturers, a few months later, began to sell corsets of precisely the same kind under the name "Erect Form." *Held*, that defendants were entitled to use the words "Erect Form," since they had not yet acquired a secondary meaning, but not to use the peculiar scroll or manner of printing. Plaintiffs held entitled to that extent to an injunction and account of profits. *Parsons Bros. & Co. v. Gillespie & Co.*, 15 R. P. C. 57-1897. Plaintiffs, from 1890, sold "Flaked Oatmeal." Defendants began in 1894 to sell "Gillespie's Flaked Oatmeal." Their packages differed entirely in get-up from plaintiffs'. *Held*, that "Flaked Oatmeal" were descriptive words, and not an artificial term, and that defendants were at liberty to use them, at least where their packages and labels in no respect resembled plaintiffs'.

⁶ *M. J. Breitenbach Co. v. Spangenberg*, 131 Fed. 160-1904 (C. C. S. D. N. Y.), Holt, District Judge: "I do not think that the name 'Pepto-Mangan' is simply descriptive, within the meaning of that term in the law of trade-marks. It seems, if analyzed by a person familiar with the Greek and German languages, somewhat descriptive, but I think it would seem to the general public to be an artificial and manufactured word." "The complainant alleges that the inventor adopted the arbitrary and fanciful words 'Pepto-Mangan' as the trade-mark and trade name by which to designate his preparation, and the demurrer formally admits this allegation. Evidence might possibly lead to a different conclusion, but on this demurrer I think it clear that the court cannot assume that the term 'Pepto-Mangan' is purely descriptive, but must assume that it

No rule can be laid down which will create a definite line of cleavage in these cases. "Pepto-Mangan" and "Pepto-Manganate of Iron and Cascara" are held to be infringing names, although both may accurately describe the article to which they are offered; while "Cotosuet" is held not to infringe "Cottolene," because "only a person of more than average heedlessness and carelessness would mistake one for the other." "

§ 132. Artificial or Made-up Words.—Many of the names applied to goods are artificial, "made-up" names, and such names are the sole property of him who makes them up and uses them on his goods. We deal here only with such of these

is an arbitrary and fanciful trademark. That being so, it is not at all clear, under the authorities, that the defendants did not infringe the rights of the complainant when they adopted as the name of their preparation 'Pepto-Manganate of Iron and Cascara.' Moreover, the complaint alleges that the defendants have substituted their tablets, and supplied them to customers who have asked at their store for the complainant's 'Pepto-Mangan.' This allegation is formally admitted by the demurrer and constitutes a legal cause of action, which, if supported by evidence, would authorize a recovery" (at p. 160).

'*N. K. Fairbank Co. v. Swift & Co.*, 64 Ill. App. 477-92-1896. The plaintiff made "Cottolene," defendants made "Cotosuet." *Held*, that cottolene indicates an article derived from the cotton plant, while cotosuet indicates a substance derived from the cotton plant and from suet, and that an ordinarily intelligent person would not be deceived. * * * "We can well understand that a person who desired to obtain, for cooking purposes, a vegetable shortening, might

easily be induced by a grocer to accept 'Cotosuet,' 'Cookene,' 'Golden Suet,' 'Suetene,' 'Cornene,' 'Clarelene,' 'Golden Shortening,' or 'Supreme Shortening,' names applied by other manufacturers to their respective products of similar articles to 'Cottolene,' although such purchaser had distinctly asked for 'Cottolene.' It is well known that retail vendors can, to the ordinary purchaser, sell several similar articles which they, as such vendors, endeavor to dispose of, and that if the articles are substantially alike the seller will hear no 'kicking' as, in the present case one witness testified he heard none when he gave 'Cotosuet' to people who inquired for 'Cottolene.' There are doubtless in this country millions of people to whom, if Seipp's beer were given when they called for Blatz's or *vice versa*, would make no complaint." "To a person of ordinary observation and attention, the distinction between 'Cottolene' and 'Cotosuet' is obvious. Only a person of more than average heedlessness and carelessness would mistake one for the other."

names as are not registered as actual technical trade-marks. Or, to put it in another way, we deal here only with the general principles which underlie these names, and which apply to the owner's rights in such names, it being remembered that by registering it, he merely creates a rebuttable presumption that the name is his own property exclusively, and that all other persons had notice of his claim. At first thought it would seem that the owner's right in such names must be so clear that unlawful use of the name would be rare. This is far from the fact. Frequently the name is taken bodily by competitors with no pretense at varying it, while at other times it is used in some modified form.

§ 133. Use of Identically the Same Name by Competitors.

—To what extent will the principles of unfair competition allow such a use of these artificial names? The answer is that seldom, if ever, can such a use of a name be upheld. It may be allowed where applied to widely different kinds of goods, but not always even in such cases. The Chancery Court of England refused to allow a bicycle company to sell "Kodak Bicycles" because of the loss it might cause to the maker of "Kodak" cameras.⁸

§ 134. Misuse of Made-up Names Will be Enjoined Whether Registered or Not.—Usually such deliberate use of an artificial name, although no attempt has ever been made to copyright or register it, will be enjoined and penalized, as for instance, "Charter Oak Stoves," "She Cigars," "Club

* *Eastman Photographic Co., Ltd. v. John Griffith's Cycle Corp., Ltd.*, 15 R. P. C. 105-1898. Plaintiffs applied the word "Kodak" to their goods, especially to cameras, and they made a specialty of cameras suitable for bicycles, and called a certain kind "Bicycle Kodaks." Defendants dealt in bicycles and similar vehicles but did not sell cameras. A corporation was formed with a nominal capital, called the "Kodak Cycle Co. Ltd.," the whole of the stock being held by the defendants, and they were enjoined from trading un-

der the name of "Kodak Cycle Co., Ltd." and from selling either their bicycles or cameras under name "Kodak." *Eno v. Dunn & Co.*, 10 R. P. C. 261-1893. Plaintiff had long sold a medicinal powder under the title "Fruit Salt." Defendant was selling tablets called "Dunn's Fruit Salt and Potash Tablets." *Held*, that he was not entitled to use the words "Fruit Salt" as a part of the designation of his goods, without more clearly differentiating them from plaintiff's.

Soda," "Elastic Seam" underwear.⁹ The rule here stated

⁹ *Filley v. Fassett*, 44 Mo. 168-1869. "The defendants accumulated in the St. Louis market a quality of stoves (not made by plaintiff) with the name 'Charter Oak' upon them, which they held for sale as 'Charter Oak Stoves.' They were aware of the plaintiff's proprietorship of the 'Charter Oak' trade-mark, and were proceeding to sell in defiance of the plaintiff's rights." Plaintiff had been the first to use "Charter Oak" as a name of stove and had used it for a long time when this suit was begun. The mark was not registered. Injunction granted. *J. A. Scriven Co. v. Girard Co.*, 140 Fed. 794-1905 (C. C. S. D. N. Y.). *Lacombe, J.*: Preliminary injunction granted against use of words "Elastic Seam" or "Stretchi-seam," or similar words, in connection with a longitudinal yellow strip inserted in the garments. The operation of injunction was suspended thirty days, to allow changes to be made in stock on hand, etc. *Paine & Co. v. Daniell & Sons' Breweries, Ltd.*, 10 R. P. C. 71-1893. It was sought to restrain defendant from selling "John Bull Beer," plaintiff having applied this name to its beer for some time. It was not considered that the term "John Bull" in such a connection was descriptive or *publici juris*, or that the exclusive right to use it might not be acquired. It was, however, *held* that in this case sufficient independent use of the term had been made by other parties, though in a different territory, to defeat plaintiff's claim to an exclusive right. *Sartor v. Schaden*, 125 Iowa 696-1904; 101 N. W. 511.

Plaintiff in 1894 began to apply to the boxes containing cigars made by him a stock label bearing the word "She," and continued to use the word as a kind of trade-mark or trade name, building up a considerable business. In 1899 he caused the word to be registered as a trade-mark. The labels were made by a New York printer, and were used by others besides plaintiff, being in some cases applied to cigar-boxes outside of the plaintiff's territory, and in the same state, though not with his knowledge. In 1902 defendant began to use a similar label, with the word "She," for cigars manufactured by him, and it was shown that many purchasers were misled as to their origin, supposing them to be plaintiff's. *Held*, that defendant was guilty of unfair competition and should be enjoined from labeling his cigars with the word "She." *Cochrane v. MacNish & Son*, App. Cas. 225-1896. Cantrell and Cochrane first made "Club Soda" and long after defendants put on the market a brand of soda by same name. The court *held* that although no one could mistake MacNish's soda for that of complainant, and no one in trade would be likely to be deceived, consumers would not notice the difference and would be deceived. *Eureka Fire Hose Co. v. Eureka Rubber Mfg. Co.*, 69 N. J. Eq. 159-1905; 60 Atl. 561; affirmed on appeal on opinion below; modification refused, s. c. 65 Atl. 870-1907. Complainant manufactured principally fire and other hose, and it was well known by the trade name "Eureka," some of the goods hav-

does not apply to case where the name in question can be rightfully applied to the goods of anyone other than complainant.¹⁰

§ 135. **Names Appealing to the Eye as Similar.**—Merchants frequently attempt to imitate the name of a successful competitor's house or company or brand of goods just closely enough to get a name for themselves which, while different in various particulars, will sound or appear the same to those not familiar with both, and cause their house or their goods to be mistaken for that of their competitors. Sometimes this is accomplished by names combined with labels both differing in details, but bearing the same salient or catch features, so that a casual examination will detect no particular differences. Again, it is accomplished by names which are so framed that while they are quite different in appearance, yet when spoken, the sound of them is very similar. Such names are *idem sonans*. The average retail buyer is careless as to details. He knows that "Honey-Comb Whiskey" is good,—at least he recalls that a whiskey he knows to be good has a name very like that. Perhaps he has not purchased it in a long time. He is shown "Honeymoon" Whiskey and is quite satisfied. The principal features of an article he has used before and found satisfactory are all that he remembers. The value of the average trade name, then is not in details but in its salient features,—the things about it the average buyer remembers. It is this possibility of easily misleading purchasers that causes the courts to be astute and zealous in condemning all spurious labels and

ing also a subsidiary name in connection with this. *Held*, that it was entitled to enjoin defendant, a manufacturer of hose and also of other and noncompetitive rubber goods, from using the name "Eureka" in connection with its hose, even though that name was joined with another word (such as "Acme," etc.), and also from using that word in its corporate title, so long as it should make or sell goods in competition with complainant's.

"*Magnolia Metal Co. v. Tandem*

Smelting Syndicate, Ltd., 15 R. P. C. 701-1898. Plaintiffs manufactured a variety of anti-friction metal to which they gave the fancy name "Magnolia Anti-friction Metal." Defendants, however, were permitted to apply the same name, "Magnolia", to their similar metal, as it did not appear that "Magnolia" meant only the manufacture of the plaintiff, nor that defendants used the name to pass off their goods as those manufactured by plaintiff.

names of goods, and especially those which are not identical but similar.

Repeatedly, the courts have branded the dealer who imitates his rival's name or label as closely as he can, as a fraudulent and unfair trader, saying that no further evidence is needed to show this fact than that he has intentionally adopted a label or name so similar to that of his rival. The honorable, square business man desires to sell his goods on their own merits. Above all, he desires that they be not confused with goods of others. Hence it is that the rule has arisen that where a dealer chooses a name which closely resembles in sound or appearance that of a successful competitor, a presumption is created of unfairness and fraud. Where one dealer used the name "West End Distillery Co." and "Ky.'s Criterion" and "Honeymoon," and another adopted the name "East End Distillery Co." and "Ky.'s Credential" and "Honey-Comb" it was held fraudulent. The use of defendant's names was lawful, but the use by him of the name "East End Distillery Co." though in itself probably legitimate, was, in connection with the use of the brands just mentioned, *prima facie* evidence of intentional simulation.¹¹

In *Pierce v. Guittard*,¹² the plaintiff for thirteen years made "German Sweet Chocolate," the name German being that of Samuel German who was employed before 1867 by plaintiff, and who in 1867 duly assigned to plaintiff the exclusive right to use his name on the chocolate. Defendant made chocolate which he called "Sweet German Chocolate." The court considered that the defendant's acts made possible fraud upon the public, and on the authority of *Lea v. Haley*,¹³ and *McLean v. Fleming*,¹⁴ ordered new trial, injunction having been denied below.

Contrast with the above the following case as showing how close the distinction is between similar and dissimilar names. In *Wells v. Ceylon Perfume Co.*,¹⁵ plaintiff was the proprietor of "Rough on Rats," a yellowish brown poisonous powder,

¹¹ *Kentucky Distillers & Warehouse Co. v. Wathen*, 110 Fed. 641-1901 (C. C. Ky.).

¹² 68 Cal. 68-1885; 8 Pac. 645.

¹³ L. R. 5 Ch. App. Cas. 155-1869.

¹⁴ 96 U. S. 245-1877; 24 L. ed. 828.

¹⁵ 105 Fed. 621-1900 (C. C. S. D. N. Y.).

sold in boxes, for killing vermin, including mosquitoes. He also had a trade-mark for the words " Rough on Rats " as applied to vermin exterminators, but had never used the words " Rough on Mosquitoes " or " Rough on Skeeters." Defendant put up and sold, under the name " Rough on Skeeters," an orange-colored liquid in bottles, having an odor obnoxious to mosquitoes. Held, that defendant's preparation could not be mistaken for anything that plaintiff offered, and that there was no unfair competition.

Plaintiff used name, " Dr. Morse's Compound Syrup of Yellow Dock Root." Later the defendants began to use for their product the name, " Dr. Morse's Improved Yellow Dock and Sarsaparilla Compound." This difference was held not sufficient to be of any avail.¹⁶ See chapter on Similarity.

§ 136. **Names Idem Sonans.**—The circuit court in *N. K. Fairbank Co. v. Luckel, King and Cake Soap Co.*,¹⁷ says that while a trade-mark appeals to the eye a trade name appeals to the ear. It is, therefore, natural that the unscrupulous competitor of the makers of " Insectine " should name his product " Instantine." Here again no rules can be laid down, as is seen by a comparison of this case and the following one, where plaintiff manufactured a remedy for the tobacco habit in the form of tablets and called it " No-To-Bac." Defendant manufactured a remedy for the same habit also in tablet form, to which it gave the name " Baco-Curo." There were marked differences, in color and otherwise, between the tablets and boxes of defendant and those of plaintiff, and it was held there was no unfair competition.¹⁸ If in this case there had been any other features which might have rendered the " Baco-Curo " likely to be mistaken for the plaintiff's article it would seem that the injunction might have been granted.

A name, *idem sonans*, is one which has the same sound as some other name. When a competitor of " Stephens' Blue Black " ink put out " Steelpens Blue Black " ink, he made use

¹⁶ *Alexander Bros. v. Morse*, 14 R. I. 153-60-1884.

¹⁷ *Sterling Remedy Co. v. Eureka Chemical & Mfg. Co.*, 70 Fed. 704-1895 (C. C. W. D. Wis.).

¹⁸ *N. K. Fairbank Co. v. Luckel K. & C. Co.*, 102 Fed. 327; 106 Fed. 498-1901 (Cir. Ct. Oregon).

of an *idem sonans*.¹⁹ In *Regis v. Jaynes & Co.*,²¹ the plaintiff who applied the word "Rex" as a trade-mark or trade name, to dyspepsia tablets made by her, was held entitled to restrain the defendant from using the word "Rexall" in connection with similar tablets, although defendant began the use of the word without any intention to simulate. The same also is true of the case *Noel v. Ellis*,²² where complainant sold a medicine under the name of "Vitae-Ore." Defendant, an agent of the plaintiff, began to sell a similar preparation of his own, under the name "Vitalizing Ore," and the dress of his packages in many ways resembled that of complainant's. Held unfair competition. The use of the name "Foresight Waist Company, Home of Fashion," for a store placed directly opposite that of "Forsythe" a well-known maker of waists, was held unfair.²³

One purpose in the adoption of a name which is so similar in sound to that of a rival as to cause one to be taken for the other is to cause purchasers to buy by ear, not by eye; to neglect the label and depend on the name.

The name "Gold Drop" was applied by defendant to a washing powder, competing with "Gold Dust," a similar article made by complainant and widely advertised and known. Different styles of labels and packages were used. Fraud re-

¹⁹ *Stephens v. Peel*, 16 L. T. N. S. 145-1867. *Stephens' Blue Black Ink* held infringed by *Steelpens' Blue Black*. *Cahn v. Gottschalk*, 14 Daly (N. Y.) 542-1888; 2 N. Y. Supp. 13. "Maryland Club Rye Whiskey" held infringed by "Maryland Jockey Club Rye Whiskey," although the words as branded upon the barrels were accompanied by entirely different designs. *Mrs. G. B. Miller & Co. Tobacco Manufactory v. Commerce*, 45 N. J. L. 18-1883. Plaintiffs made and sold smoking tobacco wrapped in blue wrappers with the words "Mrs. G. B. Muller & Co.'s Best Smoking Tobacco, 97 Columbia Street, New York," printed upon it.

The defendant put on the market smoking tobacco of the same shape, color, size and appearance, with the words "Mrs. C. B. Muller & Co.'s Best Smoking Tobacco, 437½ Grove Street, Jersey City." Held fraudulent. *Sperry & Co. v. Percival Milling Co.*, 81 Cal. 252-1889; 22 Pac. 651. "Germea," as applied to a meal or cereal, held infringed by "Golden Eagle Germ," used in connection with very similar labels. ¹⁸⁵ Mass. 458-1904; 70 N. E. 480.

²² *Noel v. Ellis*, 89 Fed. 973-1896 (C. C. S. D. Iowa).

²³ *Forsythe v. Guzy*, N. Y. Sup. Ct., O'Gorman, J., Nov. 26, 1907.

sulted despite this, from the resemblance, in sound, of the names. "The trade name differs from the trade-mark in this," said the court, "that one appeals to the ear more than to the eye. The advertisements of the name were for the purpose of having the intended purchaser ask for 'Gold Dust' without his having any knowledge of the character of the label on the package he was to receive, and in this sense the fact that the infringer of the name used different devices and symbols would have no great force."²⁴

Complainants adopted "Sorosiss" as a trade-mark for a shoe for women manufactured by them. After the shoe had become known and popular, defendants, shoe manufacturers of the same city, began to use the name "Sartoris," changed later to "Sartoria" and "Satoria," for a women's shoe of their make, very similar in appearance to complainants' but inferior in quality to "Sorosiss" shoes. Such action constituted unfair competition, the similarity in names and in appearance together rendering it very probable that retail dealers would deceive purchasers into buying defendants' shoes as and for complainants'.²⁵

A medical company had built up a large sale of laxative tablets called "Iron-Ox Tablets," but not containing oxide of iron. A rival then began to put on the market "Compound Iron Oxide Tablets," containing besides certain useful drugs, some iron oxide, a practically useless ingredient, being one of the least soluble forms of iron. There was no similarity

²⁴ *N. K. Fairbank Co. v. Luckel King & Cake Soap Co.*, 102 Fed. 327-1900 (C. C. A. 9th Cir.).

²⁵ *Little v. Kellam*, 100 Fed. 353-1900 (C. C. N. D. N. Y.). *International Plasmon, Ltd. v. Plasmonade, Ltd.*, 22 R. P. C. 543-1905 (Ch. Div.). Plaintiff sold various food preparations under names of which the word "Plasmon" formed part, such as Plasmon Cocoa, Plasmon Biscuits, Beef Plasmon, etc. Defendants began to sell tablets and powder for making a beverage which they called "Plasmonade." *Held*,

that defendants should be enjoined from selling any such preparations under any name of which "Plasmon" formed a part. *Stewart v. Stewart*, 91 Fed. 243 (C. C. A.). Plaintiff put on market "Stewart's Dyspepsia Tablets." Defendant later began to sell "Dr. Stewart's Dyspepsia Tablets." *Held*, "It needs no argument to show that these names are *idem sonans*, and that to use both of them in connection with dyspepsia tablets must cause great confusion in a sale and great wrong to purchasers."

in the dress of the two packages. Held, that defendants should be enjoined from using the words "Iron Oxide" without clearly distinguishing their goods.²⁸ This is a very good example of two names that are *idem sonans*.

"Steinway" pianos have been long known as of high grade. One Henshaw, a competitor, used on cheaper pianos the name "Steinberg Pianos." No sufficient explanation was given of the adoption of this name, and he was using the name as a trade-mark in connection with a device on his goods bearing a general resemblance to that used by the makers of Steinway pianos. An injunction was issued. The court thought defendant's combination calculated to deceive, "None the less that pianos sold by the defendant are very much cheaper and of lower quality than those sold by the plaintiffs."²⁷

Further illustrations of such approximations of rival trade names are as follows: "Grape-Nuts" not infringed by "Grain-Hearts Food;"²⁸ "Chartreuse" is infringed by "Chasseurs;"²⁹ "Limette" infringes "Lumetta;"³⁰ "Standard Computing Scales" does not infringe "Standard Scales;"³¹ "The Grocer" infringes the "American Grocer;"³² "The Penny Bell's Life and Sporting News" infringes "Bell's Life in London and Sporting Chronicle;"³³ "Irving Hotel" infringes "Irving House;"³⁴ "Independent National System of Penmanship" infringes "Payson, Dutton & Scribner's National System of Penmanship;"³⁵ "Liquor Acidi Phosphorici" does not infringe "Hosford's Acid Phos-

²⁸ *Iron-Ox Remedy Co., Ltd. v. Co-operative Wholesale Soc., Ltd.*, 24 R. P. C. 425-1907 (Ch. Div., Parker, J.).

²⁷ *Steinway & Sons v. Henshaw*, 5 R. P. C. 77-1887 (Ch. Div.).

²⁸ *Postum Cereal Co. v. American Health Food Co.*, 56 C. C. A. 360-1902; 119 Fed. 848.

²⁹ *A. Bauer & Co. v. Order of Carthusian Monks*, 56 C. C. A. 485-1903; 120 Fed. 78.

³⁰ *Drewry & Son v. Wood*, 127 Fed. 887 (C. C. Minn.).

³¹ *Computing Scale Co. v. Standard Computing Scale Co.*, 118 Fed. 965-1902; 55 C. C. A. 459.

³² *American Grocer Pub. Assn. v. The Grocer Publishing Co.*, 25 Hun, N. Y. 398-1881.

³³ *Clement v. Maddick*, 5 Jur. N. S. 592-1859.

³⁴ *Howard v. Henriques*, 3 Sandf. (N. Y.) 725-1851.

³⁵ *Potter v. McPherson*, 21 Hun (N. Y.) 559-1880.

phate;"³⁶ "Six Big Tailors" infringes "Six Little Tailors;"³⁷ "New York Commercial" does not infringe the "Commercial Advertiser;"³⁸ "Cuticle" soap does not infringe "Cuticura" soap;³⁹ "Castorets" infringes "Castorets."⁴⁰

In *Burnett v. Phalon*,⁴¹ the two words were: "Cocoaine" and "Cocaine." In *Rowley v. Houghton*,⁴² the two words were "Hero" and "Heroine." In *Wamsutta Mills v. Allen*,⁴³ the two words were "Wamsutta" and "Wamyesta." In *Glen Cove Mfg. Co. v. Ludeling*,⁴⁴ the words were "Maizena" and "Maizharina." In *Celluloid Mfg. Co. v. Cellonite Mfg. Co.*,⁴⁵ the two words were "Celluloid" and "Cellonite." In *Enoch Morgan's Sons Co. v. Edler*,⁴⁶ the two words were "Sapolio" and "Saponit." In *Estes v. Leslie*,⁴⁷ the two words were "Chatter-box and Chatter-Book." An injunction was issued in all these cases. Further illustrations of names alleged to be similar in sound are found in the note.^{47a}

³⁶ *Rumford Chemical Works v. Muth*, 1 L. R. A. 44-1888; 35 Fed. 524.

³⁷ *Mossler v. Jacobs*, 66 Ill. App. 571-1896.

³⁸ *Commercial Advertiser Assn. v. Haynes*, 26 App. Div. (N. Y.) 279-1898; 49 N. Y. Supp. 938.

³⁹ *Potter Drug & Chemical Corp. v. Pasfield Soap Co.*, 102 Fed. 490-1900, affirmed.

⁴⁰ *Sterling Remedy Co. v. Spermine Medical Co.*, 112 Fed. 1000-1901 (C. C. A. 7th Cir.); 106 Fed. 414-1901 (C. C. A. 2d Cir.).

⁴¹ 3 Keyes (N. Y.) 594-1867.

⁴² 2 Brewst. (Pa.) 303-1868.

⁴³ *Cox's Manual* 660-1878 (Com. Pl. Phila.).

⁴⁴ 22 Fed. 823-1885 (C. C. S. D. N. Y.).

⁴⁵ 32 Fed. 94-1887.

⁴⁶ *Cox's Manual* 714-1890.

⁴⁷ 29 Fed. 91-1886 (C. C. S. D. N. Y.).

^{47a} *Rowland v. Michell*, 14 R. P. C. 37-1896 (reported in Ch. Div. 13 R. P. C. 457). Plaintiff sold "Rowland's Army and Navy Paregoric Tablets." Defendant enjoined from selling other goods as "Army and Navy Paregoric Tablets," with wrappers resembling plaintiff's. "Queen" and "Queen Quality," 105 Fed. 375. "Congress" and "High Rock Congress," 45 N. Y. 291. "Carlsbad Sprudel Salt" and "Kutnow's Improved Effervescent Carlsbad," 71 Fed. 167. "Home" and "Home Delight," 59 Fed. 284. "Apollinaris" and "London Appollinaris," 33 L. T. N. S. 242. "Glenfield" and "Royal Palace Glenfield," L. R. 5 H. L. 508. "Budweiser" and "Milwaukee Budweiser," 87 Fed. 864. "Sunlight" and "American Sunlight," 88 Fed. 484. "Royal" and "Royal London," 76 Fed. 465. "Health Food" and "Sanitarium Health Food," 104 Fed. 141. "Com-

§ 137. **Foreign Words as Names of Goods.**— If the general or abstract name given an article in a foreign land, in the language of that country is used for the same article here, it is equally an abstract name and a descriptive term, and may be used by all persons here just as it may be used by all persons in the foreign country. In 1869, Selchow introduced in United States a game which he called Parcheesi, a name similar to the name given it in India. Chaffee used the name, in selling the same game here. Selchow alleged he had no exclusive right to the game, but that he had exclusive right to use the name. Defendant claimed the word is the Indian name of the game and hence descriptive and can be used by anyone. Selchow built up a large demand for Parcheesi and the name became widely identified with the game by him. "It is clear to this court that, if defendant is permitted to make and sell this game under the name Parcheesi, they will take away a part, if not a large part, of complainants' business to their great damage. That they intend so to do is plain, and they use the word Parcheesi, not because it is the Hindoostanee or foreign name of the game, for they are compelled to concede it is not (although so very similar as before stated), but because it is the name of the game given to it by the complainants, whose enterprise in business has caused it to become under that name a popular game, and an extensive article of commerce, from the manufacture and sale of which, under that name, large profits have been and may be derived. It seems plain that to permit the defendant to make and sell this article under the name 'Parcheesi' will legalize a fraud upon complainants' rights. It is not intended to hold that defendant may not use the

fort" and "Home Comfort," 127 Fed. 962. "Sanitas" and "Condi-Sanitas," 56 L. T. N. S. 621. "Portland" and "Famous Portland," 52 N. J. Eq. 380. "Roy Watch Case Company" and "Camm-Roy Watch Case Co.," 58 N. Y. Supp. 979. "Star" and "Lone Star," 51 Fed. 832. "Cashmere" and "Violets of

Cashmere," 88 Fed. 899. "Hohner" and "Improved Hohner," 52 Fed. 871. "Pride" and "Pride of Syracuse," 82 N. Y. 519. "German Household Dyes" and "Excellent German Household Dyes," 94 Wis. 583. "Guinea Coal Company" and "Pall Mall Guinea Coal Company," L. R. 5 Ch. App. Cas. 155-1869.

Hindoostanee name of this game, for that everyone has the right to do.”⁴⁸

Complainant used the French word “brassière” to designate an article of women’s wear made by him (a combined corset cover and bust supporter), calling it the “De Bevoise Brassière.” Held, that the word was descriptive and that defendant should not be enjoined from selling a similar article under the name “H. & W. Brassière.”⁴⁹

§ 138. Abbreviation of Names of Goods — Nicknames.—

Nicknames are not confined to persons. Goods have nicknames; business houses have them. Oftentimes they are just as valuable as the full name of the goods or the formal name of the house, sometimes more valuable. Business firms with long, cumbersome names, often become known among their neighbors and often to the public that patronize them merely by the initials of the names making up the full name of the firm or company. So of names of commodities. “S. & W.” revolvers are no doubt as well known to the shooting public as “Smith & Wesson” revolvers. Abbreviations like “B. & A.,” “B. & M.,” “D. L. & W.,” are names—not initials merely, and the right to use them of great value. C. G. V. and F. I. A. T. are names of importance in the automobile world, although they are merely the initials of the men in the firm building the cars bearing the names. For a competitor to advertise, using such a name, which is a nickname of a competitor, may well cause confusion and injury, and such a use is actionable under the rules of unfair competition. See § 143. “It would be mere self-stultification for this court to assume not to see what every practical person must see * * * that the phrases ‘Le Page’s Glue,’ ‘Glue made by Le Page,’ ‘Glue made by the Le Page Company,’ mean or come to mean, one and the same thing, and that both will inevitably be soon styled alike in the market.”⁵⁰

⁴⁸ *Selchow v. Chaffee & Selchow Mfg. Co.*, 132 Fed. 996-99-1904 (C. C. S. D. N. Y.).

⁴⁹ *Charles R. De Bevoise & Co. v. H. & W. Co.*, 69 N. J. Eq. 114-1905 (Pitney, V. C.).

⁵⁰ *Le Page Co. v. Russia Cement Co.*, 51 Fed. 941-1892 (C. C. A. 2d Cir.); 17 L. R. A. 354.

There are certain brands which have more than one name. The brand of milk sold as "Milkmaid" and "Milkmaid Brand" came to be called by the public "Dairymaid" and "Dairymaid Brand," and it was held that the latter names were trade names denoting the plaintiffs' goods.⁵¹ So the words "Sportsman Special Quality" brandy used with a label on which was a hunting scene with two huntsmen. This brand came to be known as "Huntsman Cherry Brandy."⁵²

§ 139. Names Having Double Meaning.—In looking at a trade name the law seems to subordinate the identity of the owner to the identity of the name. It recognizes that it is unavoidable that the world contains many persons of the same name. It is in the power of the courts to prevent such a condition in trade names. It also recognizes the fact that the public are much more likely to be deceived and injured by the existence of two brands of ale called "Stone Ale" than by the existence of two persons who are called James Stone. For this reason, traders are forbidden to dub their goods or firms some name which the public has come to associate with another man's goods or firm. Under ordinary conditions no one is under absolute necessity to put in his trade name any word which will mislead others. He can adopt a name as different from all others as he will. There is no rule forbidding that.

For thirteen years Samuel German made "German Sweet Chocolate." Defendant began later to sell "Sweet German Chocolate." Plaintiff showed that defendant asked what name the plaintiff used for their chocolate and when he learned that it was "German Sweet Chocolate" said that he would use the name "Sweet German Chocolate." The court held, that on such a state of facts it was necessary to decide nothing farther than that fraud existed. When plaintiff had established a business for his goods and was carrying it on under a particular name, for some other person to assume the same name with slight alterations, in such a way as to induce persons to deal with him in the belief they were dealing with the first-mentioned person was fraud.⁵³ This was a deliberate misuse of a rival's

⁵¹ *Anglo-Swiss Milk Co. v. Metcalf*, 3 R. P. C. 28.

⁵² *Pierce v. Guittard*, 68 Cal. 68-1885; 8 Pac. 645.

⁵³ *Re Barker's Trade-Mark*, 53 L. T. N. S. 24.

name, taking advantage of its double meaning. Alexis Godillot used his initial letters "A. G.," combined in a monogram for many years on groceries made by him in France, and sold by him and others as his agents in the United States. In 1884 he sold the right to use the mark in the United States to T. W. & Co. In 1894 the T.-W. Co. resold the right to Godillot and later the T.-W. Co. was sold to the American Grocery Company, which began business at the former stand of the T.-W. Co., and began to use a mark consisting of the letters "A. G. Co." in a monogram similar to Godillot's. This name it applied to different articles, and claimed the right to use these letters without restriction, in dealing in groceries. "There is no good reason for such a close imitation of the plaintiff's trade-mark, and no justification therefor."⁵⁴

In *Plant Seed Co. v. Michel Plant and Seed Co.*,⁵⁵ plaintiff succeeded "Plant Brothers." Both parties to this action are corporations. The defendant's predecessors incorporated under the name of "H. Michel & Company," and later changed their name to "Michel Plant and Seed Company." The plaintiff alleges that this name was a scheme of piracy against the plaintiff's business and to deceive the public by diverting to themselves the trade of the plaintiff. The business of both the plaintiff and defendant was the sale of plants and seeds. "The word 'Plant' is one of very common use, and may very properly be used to designate a business and the fact that the 'Plant Family' were the founders of the plaintiff's business and its principal stockholders affords no reason why the defendant could not use the word to designate its business provided it was done for an honest purpose; and, with the same proviso the defendant had the right to adopt its present corporate name. We do not think that the resemblance between the two corporate names is sufficiently close to raise a probability of mistake on the part of the public, or to show a design or intention on the part of the defendant to deceive."⁵⁶

* * * "Under such circumstances the choice of names by which a new company can designate its business so as to sat-

⁵⁴ *Godillot v. American Grocery Co.*, 71 Fed. 873-75-1896 (C. C. N. J.).

⁵⁵ 7 Mo. App. 313-20-1889.

⁵⁶ Citing *McCartney v. Garnhart*, 45 Mo. 593-1870.

isfy the requirements of law and at the same time avoid trouble with the other companies is very limited, and it would not be wise for the courts to adopt too stringent rules in determining controversies like the one under consideration. If such a case is free from actual fraud, it is better for the courts to permit some confusion and friction in business than to hamper and discourage trade by judicial interference."

§ 140. Numerals and Letters as Names of Goods.—Numerals and letters are free to the use of all, yet the law of unfair competition forbids their use to the detriment and loss of others. If they are so used on goods and in evident imitation of a form adopted by another to distinguish his goods, with definite purpose to deceive, disguising one's own goods thereby and inducing the public to believe that they are the goods of another, it is unfair. Such a use of letters is well illustrated by *Birmingham Small Arms Co., Ltd. v. Webb & Co.*⁵⁷ Plaintiffs made, among other things, cycle accessories, including spanners. They stamped most of their goods with the initials of their name, "B. S. H.," and these letters had become associated with the plaintiffs in the public mind. Their spanners bore a certain trade-mark in addition to these letters. Defendants began to sell spanners bearing the letters "B. A. S." which, it was claimed, stood for "Best All-round Spanners." Held, that defendants should be enjoined from using these letters, even though there was originally no intention to deceive on defendant's part.

§ 141. Numerals and Letters Used to Designate Grade of Goods.—The United States Supreme Court holds as to the right to the exclusive use of letters and numerals that: "Letters or figures which, by the custom of traders or the declaration of the manufacturer of the goods to which they are at-

⁵⁷ 24 R. P. C. 27-1906 (Ch. Div.). *Standard Table Oil Cloth Co. v. Trenton Oil Cloth & Linoleum Co.*, 71 N. J. Eq. 555; 63 Atl. 846-1906. Complainant used as a trade-mark the initials oTc, with "Standard" above and "Company" below, all inclosed in an ellipse. Defendant used as a trade-mark the initials T. O. C. & L. Co., with "Superior"

above and "Quality" below, the whole being inclosed in an ellipse of about the same size as that in complainant's mark. Held, that while defendant should not be required to discontinue the use of the letters T. O. C. in its mark, it should be enjoined from using the ellipse in combination with them.

tached are only used to denote quality, are incapable of exclusive appropriation, but are open to use by anyone like the adjectives of the language;"⁵⁸ but in *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*,⁵⁹ Fuller, C. J., said, after citing *Witherspoon v. Currie* and *Thompson v. Montgomery*, that if "the letters 'L. L.' formed an important part of plaintiff's label and the defendant had used them in such a way and under such circumstances as to amount to a false representation which enabled it to sell and it did sell its goods as those of the plaintiff and this without the plaintiff's consent or acquiescence, then plaintiff might obtain relief within the principle of the cases just cited."

Where a number is originally used by a manufacturer to designate a particular kind of goods as distinguished from other patterns or kinds made by him, and has come to designate in the trade, goods of like kind or quality, other manufacturers who make such goods may designate them by that number without infringement.⁶⁰

This is squarely denied by the Rhode Island court, which holds that a trader may not denote his corresponding styles of goods by the numbers used on those styles by his competitor. In *American Solid Leather Button Co. v. Anthony*,⁶¹ the complainant designated the different styles of buttons and nails made by it by arbitrary numerals, such as "30," "40," "111," etc., by which these different styles became known in the trade. Held, that the defendants had no right to designate the corresponding styles of their own similar goods by the same numerals, which the court deemed to denote not style or quality alone, but origin as well. This was held not to apply to certain of the numerals, "60" and "70," which had previously been applied to the same styles by another manufacturer.

"R. 12" on writing paper — a private mark for office convenience — will not be restrained where it has no meaning in the stationery trade.⁶²

⁵⁸ *Manufacturing Co. v. Trainer*, 101 U. S. 55; 25 L. ed. 993.

⁵⁹ 138 U. S. 537-1891; 34 L. ed. 997; 11 Sup. Ct. 396.

⁶⁰ *Smith & Davis Mfg. Co. v.*

Smith, 89 Fed. 486-1898 (C. C. N. D. Ill.).

⁶¹ 15 R. I. 338-1886; 5 Atl. 626.

⁶² *Marcus Ward v. Ward*, 40 N. Y. St. Rep. 792; 15 N. Y. Supp. 913.

Mr. Hesseltine says⁶³ that "words, letters, or numbers chosen to designate the grade or quality of the product of a manufacturer, while not legal trade-marks, on proof of use with fraudulent intent on the part of another will be protected on the ground of unfair trade." He goes on to mention the use of the numeral "303" by Gillott to denote a pattern of pens made by him,⁶⁴ and "H. H." and size "6" used by a plow maker on plows. Defendant used "H. H. 6" and was enjoined.⁶⁵

Gillott long manufactured steel pens of a peculiar pattern, and upon both the pens and the box labels were stamped the figures "303" and the words "Joseph Gillott, extra fine." The number "303" was not used to denote size or grade, but was arbitrarily chosen to denote the make or pattern of the pen, and dealers generally designated these pens as "303" pens. Held, that plaintiff was entitled to the exclusive use of these figures as a trade-mark, and defendants were not at liberty to sell pens of the same design as plaintiff's, put up in similar boxes and similarly stamped except that defendant's name was substituted for plaintiff's.⁶⁶ This was a case of unfair competition although the courts and bar at that time (1872) did not know the doctrines of the law of unfair competition under that name.

§ 142. Numerals Indicating Source or Origin.—Numerals may come to indicate origin,—in a secondary sense,—may come to mean the goods of the plaintiff when used as a part of a mark, and when so used by another the court will enjoin the use of the entire mark, figures and all.

In *Lawrence Mfg. Co. v. Lowell Hosiery Mills*,⁶⁷ the plaintiff stamped upon its hosiery of a certain grade a device consisting of an eagle surmounting a wreath inclosing its name, with the figures "523" conspicuously printed below. Defendant for the purpose of misleading customers, and, as the court found, with that actual result, stamped its hosiery with an eagle sur-

⁶³ "Digest of the Law of Trade-marks and Unfair Trade," Boston, p. 153-1906.

⁶⁴ *Gillott v. Kettle*, 3 Duer, (N. Y.) 624.

⁶⁵ *Ransome v. Bentall*, 3 L. J. Ch. N. S. 161.

⁶⁶ *Gillott v. Esterbrook*, 48 N. Y. 374-1872.

⁶⁷ 129 Mass. 325-1880.

mounting a double circle or garter, with the figures "523" printed below in the same size and style as on plaintiff's mark. Defendant was entitled to use the eagle and double circle, having adopted them before the plaintiff had adopted its device. Held, that the numerals indicated origin and that defendant should be restrained from continuing their use as part of his mark.

In *Shaw Stocking Co. v. Mack*,⁶⁸ complainant manufactured at Lowell hosiery of high reputation and designated one style by the figures "830." The label bore the trade-mark "Shawknit," in script with a flourish and the words "Seamless Half Hose," with the name of the manufacturer and the figures "830." Defendants at Albany bought large quantities of complainant's goods and with complainant's consent, in effect, held themselves out to the public as selling agents of complainant. They then began to buy of a Connecticut manufacturer goods similar to complainant's "830" style, but inferior, and sold them under a label generally resembling complainant's in appearance and bearing the word "Seamless" in script of similar style, including the flourish, followed by the words "Half Hose, Double Heels," with defendant's name and address and the figures "830." The court enjoined them from using the figures "830" to designate the Connecticut goods, and from using on the label the word "Seamless" printed in imitation of "Shawknit."

§ 143. Initials as Names of Goods.—The fact that the letters used by the plaintiff are the initials of the defendant will not excuse his adopting them as a trade name, if to do so will cause confusion. Charles Bayer stamped his initials "C. B." on corsets. After corsets so marked and so known had long been on the market, Connell Brothers & Co. were not entitled to mark their corsets conspicuously "C. B." with the addition of "& Co." in small letters, nor to advertise them as "C. B." corsets.⁶⁹ See § 138.

⁶⁸ 21 Blatch. 1-1882 (C. C. N. Y.).

⁶⁹ *Bayer v. Baird*, 15 R. P. C. 615.
American Tin Plate Co. v. Licking Roller Mill Co., 158 Fed. 690-1902 (C. C. Ky.). Complainant and

its predecessor had long used as a trade-mark the letters M F in monogram, inclosed in a circle, and their product was known and designated in the trade as "M. F." plate. Defend-

§ 144. **Numerals Used to Designate Series, Etc.**—Series of numbers used by a manufacturer of labels in its catalogues and on boxes containing the labels, not primarily to indicate origin, but to designate the color, shape and size of the label, each kind bearing a different number, do not in themselves constitute good trade-marks, nor is such manufacturer entitled on the ground of unfair competition to restrain the use of the same numbers in the same way and for a similar purpose by another in connection with his own name, there being no simulation in dress or style of package.⁷⁰

In *Avery v. Meikle*,⁷¹ there is a full discussion of the relation of unfair competition to the use of numerals denoting series of goods.

In *Deering Harvester Co. v. Whitman and Barnes Co.*⁷² a distinction is made between letters and numerals used on parts of a manufactured article to designate the size, shape and capacity of the article and to distinguish it from other sizes and shapes with no intention or expectation of indicating by them origin or source of manufacture, and marks which are designed primarily to distinguish each of the articles to which they are affixed, from similar articles produced by others. The court holds, speaking of marks used to identify repair parts of mowing and reaping machines, that "Any office which these marks perform as designations of origin is purely accidental" (p. 380). It considers that all persons may make repair parts and hence it is not unfair trade to use these symbols in such manufactures.

ant then began to make plate marked with the letters "M. F. H.," claiming that it had acquired the right to use them from a man whose initials they were, although it appeared that he did business and was known as "Martin Herman," without the middle initial. *Held* unfair competition; it not being permissible to use such a mark as will tend to cause a

rival's goods to be known by the same name as those of the original manufacturer.

⁷⁰ *Dennison Mfg. Co. v. Scharf Tag, Label & Box Co.*, 135 Fed. 625-1905 (C. C. A. 6th Cir.).

⁷¹ 81 Ky. 73. See also *Westcott Check Co. v. Oneida Nat. Check Co.*, 122 App. Div. (N. Y.) 260

⁷² 91 Fed. 376.

This case does not, it would seem, decide, finally, the questions it discusses, for it is certain that if its principles be widely applied great injury must be done to the business and reputation of many manufacturers of articles needing repair parts, if it is possible for consumers to be misled into buying cheap parts that may interfere with the use of such articles. See § 149

CHAPTER XI.

SIMULATION OF ARTICLES THEMSELVES.

- SECTION 145. Copying of the features essential to construction.
146. Copying distinguishing features as a whole.
147. Copying whole article — making a *facsimile*.
148. Copying a single feature or part.
149. Making repair parts for articles manufactured by others.
150. Copying articles on which patents have expired.
151. Copying the color of goods.

It is hard to lay down a general rule as to whether mere imitation of the form, color or external details of an article of trade itself constitutes unfair competition. It is, of course, true that simulation in other respects, as in labels, wrappers or name, is often accompanied by imitation of the general appearance of the goods themselves, and that will always be taken into account, in connection with the other points of resemblance. But such cases fall rather under the general head of “ Dress.”

We will now consider those cases in which imitation of the goods themselves, either as a whole, or in some prominent feature, is the sole or at least a salient and essential element of the case. We must recognize, in the first place, that generally speaking, in the absence of patent protection, there can be no monopoly in form, color, construction and general design of an article. But this rule is to be applied subject to certain qualifications which are illustrated by the cases referred to below. We often find peculiar and arbitrary features in the form, structure, arrangement of parts, or otherwise in the general appearance of the article itself devised in large part for the purpose of distinguishing the product, often not necessary to its usefulness, but still identified with it in the public mind. In such cases, imitation of the form and general appearance of the article itself, including these features of it, may amount to unfair competition.

There are cases which hold that imitation of form and appearance of the goods themselves does not amount to unfair

competition. Where a manufacturer of sectional book-cases not only followed complainant's system, which was not protected by valid patent, but used the same sizes, styles and varieties of wood and the same finish, it was held not to constitute unfair competition.¹ This, however, is not the usual rule. Copying the different distinguishing features of an object will ordinarily be condemned.

The true rule has been laid down by Knowlton, C. J., of Massachusetts,² in holding that dealers must recognize that when a competitor honestly adopts a distinctive get-up for his commodity, with the evident purpose of distinguishing his goods from those of others, it is their duty to observe that fact, "not indeed to the abandonment of their right to do what was reasonably necessary to success in the management of their own business; but to the extent of so conducting their business as not to unreasonably and unnecessarily interfere with the plaintiff's business through deception of the public."

§ 145. Copying of Features Essential to Construction.—

The foregoing cases turn in part on the rule that while a manufacturer may adopt distinguishing marks to denote the origin of his goods, or adopt some other peculiar way of distinguishing them, the very idea of distinguishing them forbids the use of such universal characteristics as belong to other goods of the kind, and which the public have the right to use. No one can be forbidden to copy or make use of features which are the necessary features of the article. There is a vast difference in the legal effect of copying an unnecessary bend or turn which gives individuality to a bicycle frame, and of copying the tube in which the turn is made which may be essential to the construction of the frame.

In *Marvel Co. v. Fuller Co.*,³ the boxes and labels were sufficiently differentiated, but it was claimed that there was a misleading similarity in the goods themselves (spray syringes.) Held, that unfair competition was not shown since (as Wheeler, D. J., said) "There is nothing about the article as made and sold by the defendants that is not necessary in the making and

¹ *Globe-Wernicke Co. v. Fred Macey Co.*, 119 Fed. 696-1902 (C. C. A. 6th Cir.).

² *George G. Fox Co. v. Glynn*, 191 Mass. 344, 85 N. E. 417-1903.

³ 125 Fed. 829-1903 (C. C. N. Y.).

operation of such an instrument. It is made in the form that it must be made in order to accomplish its purpose, and if the making in that form is any representation that the thing made came from the plaintiff, it is because of the extent to which the plaintiff had made and displayed and sold it before the defendant began." See § 130.

§ 146. Copying Distinguishing Features as a Whole.—

Where one person had long sold mills of a particular design and appearance for grinding coffee and drugs, and a competitor put on the market mills resembling them so closely in size, shape and details of structure, in coloring and ornamentation as to be practically indistinguishable, except for the names of the makers to be found on each, it was held by Lacombe, J., that "a court of equity will not allow a man to palm off his goods as those of another whether his misrepresentations are made by word of mouth, or, more subtly, by simulating the collocation of details of appearance by which the consuming public has come to recognize the product of his competitor."⁴

In *Globe-Wernicke Co. v. Brown & Besly*,⁵ the defendant in 1897 changed entirely the style and appearance of the box-files for letters and papers which it had been selling, and closely imitated in many details of construction, form, color, markings, etc., including certain words and emblems, the box-files long sold by complainant as "Leader" and "Eureka" files. It was unlawful for defendant thus to copy the ensemble of these files, with the purpose and effect of misleading the public, although each feature of the files, separately, was open to public use.

Again a defendant reproduced the phonograph disks of the plaintiff by making a matrix from disks made by the latter which were on the market. Plaintiff's disks were black and red, with a picture of a dog in the center, while defendants made their disks dark brown with an eagle and their name on them; both had red seal centers. The court held that the law of unfair competition could be invoked and a preliminary injunction was issued "against the manufacture and sale of disk

⁴ *Enterprise Mfg. Co. v. Landers, Frary & Clark*, 131 Fed. 240-1904 (C. C. A. 2d Cir.).

⁵ 121 Fed. 90-1902 (C. C. A. 7th Cir.). See *Muelle Mfg. Co. v. McDonald Co.*, 164 Fed. 1001-1909.

records, black or nearly black in color, with a red seal center inscribed with decoration and letters in gilt, when such records contain the shop numbers or catalogue numbers of complainant's disk records, or when the sound-recording grooves thereon are copies of the grooves on complainant's disk records."⁶

In *Wilcox & Gibbs Sewing Machine Co. v. The Gibbens Frame*,⁷ after the expiration of the patent on a machine, the frame of which was made in a peculiar form or shape (the letter G), complainant claimed to be still entitled to a trademark right in the use of this shape. The shape of the frame was not arbitrary, but had practical advantages. Held, that complainant had no exclusive right to use it.

§ 147. Copying the Whole Article — Making a Facsimile. — The foregoing cases show the application of the rule against copying the general features by which the public has come to know an article, even though the simulated features, if used alone, be such as may be properly adopted by anyone. Usually these cases involve other features unfair in character, such as simulating the design of the labels, the similarity of the names, the use of the same colors, or the copying of the form and shape of containers. There are, however, some cases where nothing is involved except the copying of the commodity itself.⁸ A good example is *E. P. Dutton & Co. v. Cupples*,⁹ where the plaintiff had for several years published a uniform series of illustrated

⁶*Victor Talking Machine Co. v. Armstrong*, 132 Fed. 711-12-1904 (C. C. S. D. N. Y.).

⁷17 Fed. 623-1883 (C. C. S. D. N. Y.).

⁸*Yale & Towne Mfg. Co. v. Alder*, 154 Fed. 37-1907 (C. C. A. 2d Cir., reversing 149 Fed. 783-1906). Plaintiff manufactured a padlock, which defendant closely imitated in form, size, coloring, lettering and details of finish, then sold his product at a price lower than plaintiff's. Although most of the separate features of plaintiff's lock were open to public use, and although the differences

in the two locks were such as dealers generally would notice, this was held to be unfair competition. It is remarked in the opinion that where two articles are submitted the court can judge correctly as to resemblances and tendency to deceive and the testimony of experts or of dealers is of little assistance (p. 38).

⁹117 App. Div. (N. Y.) 1st dep't, 172-1907; 102 N. Y. Supp. 309; *Shepp v. Jones*, 35 Weekly Notes of Cases (Pa.) 29-1892, is a similar case, as to a book of photographs.

books, with covers of a peculiar style, each one generally containing a single favorite poem, and these books became well known and had a wide sale. They were not copyrighted. Defendants then, by some photographic or mechanical process, copied the books with their illustrations, and closely imitated the covers. The work was of inferior quality, and the books were sold for prices much lower than plaintiff's. Held to be unfair competition. In an English case,¹⁰ plaintiff made cigars with bull-nosed or flattened shape. These were the only cigars of this style sold. Defendant copied the shape used by plaintiff, but contended that other cigars of the same shape were sold. He failed to prove his case. The court said, "that although defendant is selling in boxes which are not capable of being mistaken, he is inclosing in the box a cigar which is capable of being mistaken and which will be, on the evidence, likely to be mistaken when it is taken out of the box. He might distinguish his goods by putting bands on cigars themselves." Injunction granted.

In 1890 the United States Circuit Court in Pennsylvania decided that, regardless of the question of trade-mark, a manufacturer who bronzed the heads of his nails to distinguish them from others, was entitled to restrain others from bronzing theirs in the same manner. "Whether this is of itself a good trade-mark or not, it is a style of goods adopted by the complainants which the defendants have imitated for the purpose of deceiving, and have deceived the public thereby, and induced them to buy their goods as the goods of the complainants. This is fraud."¹¹ This passage is quoted with favor in *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*¹²

In contrast to this case, and as showing the different views which have been taken of this question, it is interesting to note that, within a year of the decision in the last-mentioned case by the federal court in Pennsylvania, the state court there took the opposite view, in *Putnam Nail Co. v. Dulaney*.¹³ In this case, plaintiff, a manufacturer of horse-shoe nails, had adopted

¹⁰ *Elliott & Co. v. Hodgson*, 19 R. P. C. 518-1902.

¹¹ *Putnam Nail Co. v. Bennett*, 43 Fed. 800-1890.

¹² 138 U. S. 537-1891; 34 L. ed. 997; 11 Sup. Ct. 396.

¹³ 140 Pa. St. 205-1891; 21 Atl. 391; 11 L. R. A. 524.

the method of bronzing its nails in order to distinguish them as being of its manufacture. No other manufacturer had made bronzed nails, and the bronzing had no effect on the quality or usefulness of the nails. Plaintiff sought to enjoin defendant from selling a precisely similar nail, alleging that defendant bronzed his nails in order to pass them off on the public as the plaintiff's. The imitation of plaintiff's goods by defendant appears to have been limited to this one particular, and it was decided that the bronzing could not constitute a trade-mark, and that, as the plaintiff's process was not patented, defendant was entitled to sell nails bronzed like those of plaintiff.

Where the plaintiff manufactured zithers, and the defendant made similar instruments so closely resembling plaintiff's in outline, arrangements of strings and other peculiarities, that it was manifest, on inspection, that there had been a deliberate copying of it in all essential and many nonessential details, the Massachusetts court has held that, while defendant had a right so to imitate plaintiff's instrument, he should be required, before offering his goods for sale, to mark them clearly so as to indicate unmistakably that they are the defendant's and not the plaintiff's goods.¹⁴ This decision rests on a somewhat different ground from *Putnam v. Bennett* (*supra*). The one holds it fraud to copy a "style of goods" with fraudulent intent. The other that to copy is quite allowable, but that it is fraud not to mark the goods so distinctly as to avoid confusion. In the zither case Holmes, J., says at p. 91, "Both zithers are adapted for the use of patented sheets of music, but the zithers are not patented. Under such circumstances the defendant has the same right that the plaintiff has to manufacture instruments in the present form, to imitate the arrangement of the plaintiff's strings or the shape of the body. In the absence of a patent, the freedom of the manufacturer cannot be cut down under the name of preventing unfair competition. All that can be asked for is that precautions be taken, so far as are consistent with the defendant's fundamental right to make and sell what he chooses, to prevent the deception which no doubt he desires to

¹⁴ *Flagg Mfg. Co. v. Holway*, 178 Mass. 83-1901; 59 N. E. 667.

practice. It is true that a defendant's freedom of action with regard to some subsidiary matter of ornament or label may be restrained, although a right of the same nature with its freedom to determine the shape of the articles which it sells. But the label or ornament is a relatively small and incidental affair, which would not exist at all, or at least would not exist in that shape but for the intent to deceive; whereas the instrument sold is made as it is partly, at least, because of a supposed or established desire of the public for instruments in that form. The defendant has the right to get the benefit of that desire, even if created by the plaintiff. The only thing he has not the right to steal is the good-will attaching to the plaintiff's personality,— the benefit of the public's desire to have goods made by the plaintiff."

The point of difference between the two cases just referred to is made, by Judge Holmes, to rest on the fact that the public has a desire for zithers in a particular form. Anyone may make and sell goods in that form if it is not covered by patents. The law of unfair competition cannot give to one dealer the sole right to use that form, even though he may have been the first one to make zithers in that manner. This would be an instance of secondary meaning which attaches to a process or form of manufacture and not to a person. The result of the difference has been noticed in the chapter on Geographic Names, in referring to names indicating process. It is this: No one can obtain the sole right to a name or article which has become attached to a process; but one may acquire valuable and distinct rights to a name or form of goods which has become associated with his personality. The first maker of zithers in this particularly desirable style may have created a desire on the part of the public for one of two things, either for zithers made by *him*, above all other zither makers, or for zithers made in a particular form regardless of who makes them. The law of unfair competition is interested in the first of these conditions — the one attaching to the personality. But the fact that the demand for zithers has been created by the plaintiff will not put the case within the unfair competition rules, where the demand is for the article, not the personality.

Fox,¹⁵ the complainant, was the first to manufacture a particular kind of bread, using in it milk and malt, and applied to it as a trade name the word "Creamalt." The bread was made in an oval loaf, unusual in shape and size, and having a peculiar broken and glazed surface, so as to produce an odd visual appearance. This combination of external characteristics was neither economical nor necessary, and nothing similar was in use by others. Defendants then began to make similar bread, calling it "Crown Malt," and imitating, first, the form of the loaf, and then also, with a slight difference, the peculiar appearance of the surface, and a label resembling that used by complainant was attached to the loaf. A band was put around the loaf by both plaintiff and defendant, the former calling his product "Fox's Creamalt," the latter naming his "Hathaway's Log Cabin Bread." This band was easily removable by retail dealers. Knowlton, C. J., says: "The plaintiff had no exclusive right in any one of the features of the combination, and if the defendants had required the use of this combination for the successful prosecution of their business, they would have had a right to use it, by taking such precautions as would prevent deception of the public and interference with the plaintiff's good-will. But the evidence shows that the defendants had no occasion to use this combination, and therefore they were not justified in producing an imitation of the plaintiff's loaves, the natural effect of which would be to deprive it of a part of its trade through deception of the public. There are numberless shapes and sizes in which loaves of bread may be produced, and various peculiarities of appearance in color and condition of surface. These that the defendants adopted had been combined to distinguish the plaintiff's Creamalt bread, and it was the duty of other manufacturers to recognize this fact. Not, indeed, to the abandonment of their right to do what was reasonably necessary to success in the management of their own business, but to the extent of so conducting their business as not unreasonably and unneces-

¹⁵ *George G. Fox Co. v. Glynn*, 191 Mass. 344-1906; 78 N. E. 89; *Geo. E. Fox Co. v. Hathaway*, 199 Mass. 99, a case of a similar imitation. 9 L. R. A. N. S. 1096n; later report 85 N. E. 417-1908. See also

sarily to interfere with the plaintiff's business through deception of the public."

In the case of *Rushmore v. Manhattan Screw and Stamping Works* ^{15a} the Circuit Court of Appeals, Second Circuit, carried the doctrine even further perhaps than does the Massachusetts case. In that case, the complainant in the use of the words "Flare Front," applied to an automobile lamp, obtained an injunction against the imitation of the form and appearance of the shell inclosing the lamp, although it conspicuously bore the distinctive name of defendant. The court said:

"We are thus confronted with the naked question of law — can one who manufactures and sells a well-known article of commerce, like an automobile searchlight, inclosed in a shell of graceful but unpatented design, maintain a bill for an injunction, profits, and damages against a defendant who sells automobile search lights inclosed in a similar shell, with his name prominently appearing thereon as the maker, and who has never represented that his lamps were made by the complainant? We feel constrained to answer this question in the affirmative upon the authority of *Enterprise Co. v. Landers*, *supra*, and *Yale & Towne Mfg. Co. v. Alder*.^{15b} Both of these cases were decided by this court and we see no way to distinguish them on principle from the case at bar. We are of the opinion, however, that to answer this question in favor of the complainant carries the doctrine of unfair competition to its utmost limit. If it be pushed much further, those engaged in trade will be encouraged to run to the courts with trivial complaints over the petty details of business and thus will grow up a judicial paternalism which in time may become intolerable."

In the case of *John A. Bauzhaf v. Edward C. Chase*,^{15c} the plaintiffs made "Old Homestead Bread." Defendant put on the market "New Homestead" bread, the words being stamped and arranged on the loaf in the same manner as that used by the plaintiff. The bread of the defendant was of a character to be mistaken for that of the plaintiff. Injunction

^{15a} 163 Fed. 939-1908, C. C. A. 2d Cir. *Rogers Co.*, N. Y. Law Jour. Feb. 27, 1909.

^{15b} 154 Fed. 37, 83 C. C. A. 149. ^{15c} 150 Cal. 180-1907.

See also *Nathan Mfg. Co. v. H. A.*

was granted on ground of fraud. The plaintiff's case was held to rest "on the right of the plaintiffs to restrain the conduct of the defendant whereby he, in order to injure the plaintiffs and benefit himself, simulates the plaintiffs' goods, deceives the plaintiffs' patrons into the belief that his bread is that made by the plaintiffs. * * * The right of action * * * arises from the fraudulent purpose and conduct of the defendant and the injury caused to the plaintiffs thereby, and it exists independently of the law regulating trade-marks. * * * The gist of such an action is not the appropriation and use of another's trade-mark, but the fraudulent injury to, and appropriation of, another's trade."

Shaw v. Pilling^{15d} was an action of trespass for infringement. Plaintiff, with the aid of a physician, invented, but did not patent, an atomizer, which he called the "Burgess Atomizer," naming it from his partner. Defendants (and other parties as well) afterward began to make an exactly similar atomizer, indorsing it in a similar box, with a label containing the same cut or picture, and called it the "Burgess Atomizer."

Defendants claimed that the name Burgess had come to be merely descriptive, not denoting a particular manufacturer, but was held liable for damages.

§ 148. Copying a Single Feature or Part.—The rules applying to imitation of a complete article apply equally to copying a single salient feature or part. Where a complainant had long manufactured stoves and ranges with white enamel lining on the inside of the doors, which feature distinguished these stoves to the eye from all others, and they were often called "White Enamel" stoves, it was held that defendant had no right to use similar white lining for the inside of the doors of his stoves, with intent to lead the public to suppose his goods to be those of complainant.¹⁶

In *Geo. Frost Co. v. E. B. Estes & Sons*,¹⁷ complainant made a hose supporter, the distinctive feature of which was a rubber button with a metal rivet, used to attach the hose to the supporter. The use of a rubber button for this purpose was pro-

^{15d} 175 Pa. St. 78-1896.

¹⁶ 156 Fed. 677-1907 (C. C. Mass.).

¹⁷ *Buck's Stove and Range Co. v. Kiechle*, 76 Fed. 758-1896 (Cir. Ct. Ind.).

ected by a patent. Defendant manufactured a wooden button, intended to be used with a metal rivet, colored like rubber, and resembling complainant's button in appearance. Hose supporters with wooden buttons had often been sold for those with rubber buttons, and sometimes specifically for complainant's supporters; but defendant himself did not make or sell supporters. Held, that defendant made the buttons for the purpose of aiding unfair trade, and should be enjoined from thus contributing to the wrong done the complainant.

§ 149. Making Repair Parts for Articles Manufactured by Others.— These cases are important, for much injury is often done to manufacturers by other dealers putting on the market parts of articles made by these manufacturers for purposes of repair. These parts must of necessity be exact copies in form and shape of the original parts; and the question in these cases is, what constitutes a representation that these repair parts are made by the original manufacturer?

The Enterprise Manufacturing Co. had for many years made and sold meat choppers and also separate repair parts to replace parts of the machine that were damaged or worn out. Many of these parts were marked with the company's name. The patents on them had expired. Bender made repair parts for the machine of the same shape and appearance as complainant's, and these, although put up in distinctive packages, usually reached the consumer without markings indicating origin. No actual deception was proved and the court held that he should not be required to mark the parts with his name.¹⁸

Where an employee of a manufacturer of electric batteries and renewal plates learned the business and then started out on his own account and manufactured plates similar in shape, size, and appearance to complainant's, and intended to be used as renewal plates for complainant's batteries, he was restrained from selling such plates without conspicuously stamping them with his name, or otherwise clearly distinguishing them to the eye from complainant's goods.¹⁹

¹⁸ *Bender v. Enterprise Mfg. Co.*, 156 Fed. 641-1907 (C. C. A. 6th Cir.).
¹⁹ *Edison Mfg. Co. v. Gladstone*, — N. J. Eq. —; 58 Atl. 391-1903.

It is not unfair to use the name of a well-known article in labeling a repair part, if it be used in a *bona fide* way and simply to indicate that the part is made to fit that article.²⁰

*Magee Furnace Co. v. Le Baron*²¹ holds that it is lawful to make and sell these repair parts if not patented and that the numerals and letters used by the maker of the article itself to designate these parts may be freely used by him who makes only the parts, as they are not a part of the mark on the article itself and are not likely to mislead when considered alone. The Circuit Court of Appeals considers this case of little authority, for it says of it: "The opinion * * * was aimed at a mere question of fact, that is, whether the letters or numbers used on certain parts of stoves were any part of the trade-mark in question."²²

In *Avery v. Meikle & Co.*,²³ the defendants purchased plows made by the plaintiffs, dismantled them, and then copied the parts exactly, and, using plaintiffs' plows as patterns, began to make plows so similar to plaintiffs' that no ordinary person could tell them apart. "They also imitated almost to perfection the interchangeable metal points of appellants' plows" (p. 82). They copied all the following marks used by plaintiffs on their plows, "A. O.," "B. O.," "C. O.," " $\frac{1}{2}$," "1," "2," "3," "8," used the mark "P. O." in place of "Pony," and, like plaintiffs, placed on their plows the words "Louisville," and "Keep all taps screwed up." The letters used were the same size and kind, and in the same position on the plows. The varnishing of the plows was the same. The only difference between the goods of plaintiffs and those of the defendants was in the actual trade-marks used,—each party putting on its goods its own name and mark. Soon after the defendants put on the market the plows copied from the plaintiffs' designs, their sales increased from 30 to 100 plows per day. They sold largely to jobbers, and put on their plows so sold, not their own name and mark, but the name and mark of the jobber to whom the goods were sold. Held,

²⁰ *Wagner Typewriter Co. v. F. S. Webster Co.*, 144 Fed. 405-1906 (C. S. D. N. Y.).

²¹ 127 Mass. 115-1879.

²² *Le Page v. Russia Cement Co.*, 51 Fed. 944-1892 (C. C. A. 1st Cir.); 17 L. R. A. 354 *et seq.*

²³ 81 Ky. 73-1883.

that the defendants had a right to copy the plaintiffs' plows, the court saying: "The shape and construction of the plows do not form any part of the trade-mark of appellants." It cited *Candee, Swan & Co. v. Deere & Co.*,²⁴ where the Illinois court said: "Anyone, therefore, has a perfect right to make plows in their exact similitude, even to the 'curve of the mould-board' and 'the tip of the handles'—in the minutest, as well as in the most important parts—all have a right to manufacture them no matter where the maker may reside, and has the right to put the name of the place where manufactured as well as his own name on such parts of the plows as he pleases, taking care, however, so to use the brand as not to deceive the public, so as not to create a belief that the plow is the manufacture of another;" and citing also *Fairbanks v. Jacobus*.²⁵ "The only thing he (defendant) has *not* the right to steal is the good-will attached to the plaintiff's personality—the benefit of the public's desire to have goods made by the plaintiff."²⁶

The opinion in the Avery case continues (p. 103): "You cannot, under pretense of exercising a common right of use, and by reason of the fact that the means used represent the quality and size of your goods, so use them that, while they perform this simple and innocent purpose apparently of representing quality and size, caution and description, you cause them to do more—to represent your goods as those of another, and by the seeming fairness which follows the selection of a legal or innocent instrument or means, escape the consequences of an illegal use thereof. This would be stealing the livery of heaven to serve the devil in.

"This would be perverting the privileges and uses of our language, under the pretense of describing one's own, to take another's from him. Can such illegal use be made of written or oral language, because it is no harm to use that language about matters not foreign to its objects?

²⁴ 54 Ill. 439-461-1870.

²⁵ 14 Blatchf. 337.

²⁶ *Flagg v. Holway*, 178 Mass. 83-91-1901; 59 N. E. 667. See further

on this point *Cooke & Cobb Co. v. Miller*, 169 N. Y. 475-1902; 62 N. E. 582.

“Quality, size, description, caution, elements, etc., may be indicated or named by the use of the words, letters, and numerals described above. This is the appellees’ right; but it is not because the words, letters, and figures do that, that he is complained of, for he has the right to use them for those purposes. But the complaint is, that these letters and figures have been used not to do this alone which was rightful, but they have been used for an ulterior purpose.

“The appellees selected the same letters, the same words, the same numerals, and put them in the same colors, and upon the same places on their plows, as were used by appellants on their plows. For what? To represent quality and size alone! Who could believe it! Why not take type from a different font? Why not take other numerals that would serve the same purpose better? Why adopt as a number “ $\frac{1}{2}$,” “1,” “2,” “3,” “8”? Why “A. O.,” “B. O.,” “C. O.,” “P. O.”? No answer can be given, except that a man intends the natural consequences of his own act; and the consequences of this act are to take appellants’ trade, built up on his reputation, and transfer it to appellees, by using that reputation to sell appellees’ plows. * * * Would they take to pieces one of appellants’ plows, then make theirs like it, brand them at the same points and in the same way, paint them alike, make the same interchangeable metal points, abandon their old lettering, and adopt the letters and numerals of appellants, if they were making a better plow, and thus run the risk of confusion with inferior plows? Who would thus dig a ditch to fall into himself? The eyes of capital, trade, and commerce are too keen not to see and avoid such folly. No man in his senses would commit it, and we cannot believe the appellees did so. If they did not, then the reason assigned by them for this elaborate imitation is false, and we must look for another and true reason, which may be easily found, for it lies upon the surface — it is pointed out by the experience of the race. Those letters and figures on the skillful imitations, unless we deny the evidence of our senses, the plows having been exhibited to us, were used to enable appellees to sell their plows as and for those of the appellants, and thereby

injure their trade reputation, lessen their sales, and share their profits and customers.

“ The question must not be confined to what the appellees used, but *how* and for what purpose they used the *indicia* copied from appellants’ plows.

“ If so restricted, the case is plain, for what they used they had the right to use, but the manner in which they used these letters and figures constitutes the wrong. They have used lawful things in an illegal way. Instead of using them to designate quality and size merely, which is allowable, they did not content themselves, but, under the pretense of designating quality and size, which the letters and figures really do, they pressed them into another service, by placing them at points and in positions on their plows that corresponded with the manner of their use by appellants. For this reason the appellants’ trade-mark could not perform its legitimate functions; its power of designating their make of plows was lessened, and to that extent their trade coming to them from their reputation, as evidenced by their trade-mark, was destroyed, and the way opened for appellees to claim that loss as their gain, thus usurping the trade reputation of appellants by the artful manner of using and combining artificial signs common to all as signifying quality and number generally.”

The right to copy parts of machines is considered in *Deering Harvester Co. v. Whitman & Barnes Co.*^{26a} Also the right to use letters and figures used by the plaintiff on such parts; and it was held that there was no trade-mark rights in these marks, that any office of designating source which these marks perform is accidental, that it is open to all persons to make these parts of the plaintiffs machine.

In this connection the case of *Richards v. Williamson*^{26b} is interesting. This case speaks of misuse of parts of a gun as unfair trade (p. 749).

§ 150. Copying Articles on Which Patents Have Expired.

— Owners of a patented article have an absolute monopoly of the right to make and sell that article during the life of the patent, and in this period no one may copy it. The absolute

^{26a} 91 Fed. 376-1898.

^{26b} 30 L. T. Rep. 746-1874.

property of the patentee in it gives him the right to demand its protection. But when the patent expires, a competitor may copy the article in every detail without interference as to the mere copying. Here the law of unfair competition steps in, and forbids the marketing of the goods made by others than the patentee, in any manner which will pass off their article as that of those who made it under the patent. The public learned to know the "Singer" sewing machine from the machine made by the patentees. They were entitled, on the expiration of the patent, to all of the good-will and reputation which had been created though the merits of that machine *as made by them*, despite the fact that the design was now public property. In other words, there is now a difference between a Singer machine, viz., one made according to Singer's patents, and a machine made by the company which made the machines under the patents.

The fact that the frame of a peculiar shape was an important feature of a patented sewing-machine did not, upon the expiration of the patent, give to the patentees any exclusive right to use a frame of that shape, on the ground that the manufacturer's goods had come to be known and identified by the public by that peculiarly shaped frame.²⁷

While upon the expiration of a patent, the name by which the article has come to be known is open to general use, this cannot be claimed as to the form of dress, such as a wrapper of peculiar design by which the article has been known to the public.²⁸ These features have nothing to do with the patent rights, and are property of the patentee. As to them the general rules as to dress apply, for which see the next chapter. He who makes use of the design of an expired patent must limit himself to that design or device; he must not adopt its other features and so cause confusion.

In *Scriven v. North*,²⁹ Jeremiah A. Scriven began, in 1884, the manufacture of a new style of men's drawers, the body

²⁷ *Wilcox & Gibbs Sewing Machine Co. v. The Gibbens Frame*, 17 Fed. 623-1883 (C. C. S. D. N. Y.).

²⁸ *Centaur Co. v. Killenberger*, 87 Fed. 725.

²⁹ 134 Fed. 366-1904 (C. C. A. 4th Cir.); 67 C. C. A. 348; s. c. modifying 124 Fed. 894-1903 (C. C. Md.). See also *Rice-Stix v. Scriven*, 165 Fed. 639-1909.

portion of which was of white jeans, with longitudinal insertions of elastic knitted fabric inside and outside of the legs, and at the back. Until that time drawers were all made of a uniform color, and in order to make his garments distinctive, Scriven had the body portion of his garments made white and the elastic insertions yellow or buff. The selection of this buff color was deliberate, and for the purpose of making it conspicuous and different from other similar garments. He gave these drawers the name of "Elastic Seam," and the distinguishing number "50," both the words and the number being stamped upon the drawers. His goods were made under patents, and known as the "Scriven Drawers." At the expiration of the patent, the defendants and others began to market goods of a similar type, but inferior in quality and cheaper, making no attempt to conceal the fact that they deliberately made their goods very similar to those the plaintiffs had made under their patent. The plaintiffs had marked their goods for some time with an oval stamp made up of the words, "Scriven's Elastic Seam" in a semi-circle with three straight printed lines below and the number "50." The defendants put upon their goods an oval stamp reading as follows: "Standard Stretchy Seam," with three lines printed below, and the number "50." The stamps closely resembled each other. When plaintiffs' goods were first put on the market, these words were stamped in straight lines, the defendants also stamping theirs in straight lines, and when the plaintiffs adopted the oval stamp, the defendants did likewise. The plaintiffs' goods had two distinctions: (1) The buff-colored insertion in the legs, which made them unique, for before they began manufacturing them, nothing of the kind was known. (2) The name "Elastic Seam," a fanciful designation identified with the plaintiffs' goods. The defendants first adopted a straight stamp, and afterward, when complainants began to use an oval stamp, followed them by adopting a stamp of like shape, with lettering and lines so arranged as would be likely to mislead the careless observer. The words "Stretchy Seam" are intended to convey to the mind of the purchaser precisely the same idea as is conveyed by the words "Elastic Seam," words not subject to an exclusive appropriation.

The opinion of the court was that the defendants adopted and applied the name "Stretchy Seam" to their garments for the purpose of imitating the name which had been adopted by the plaintiffs.

In *Westcott Chuck Co. v. Oneida Nat. Chuck Co.*,³⁰ defendant exactly duplicated the drill chucks made by plaintiff, after the expiration of its patents, and stamped them with the same series of numbers used by plaintiff to denote sizes, and also with the same words "Keep well oiled," used by plaintiff. Defendant placed its own name on the articles, and did not use certain words ("Little Giant," etc.), used by plaintiff to designate type or style. The appellate court, while reversing a judgment, awarded a sweeping injunction, intimating that it might be proper to restrain defendant from using the same numerals adopted by plaintiff to denote sizes, although the exact copying of the form and appearance of the goods themselves could not be interfered with.^{30a}

After the expiration of the patent on "Castoria," and the word became public property, the owners spent more than \$100,000 a year in advertising the name. The defendant put out a remedy called "Castoria" in a bottle and wrapper similar to that of the plaintiffs. The court considered that purchasers, not aware of the fact that other manufacturers were making "Castoria," were being deceived; that persons using such an article are not familiar with printed matter upon them but recognize them by the size, general appearance, and possibly the most strikingly displayed words on the wrapper; that it was the duty of the defendant to make clear to the purchaser that its remedy was not that manufactured by the complainant under the name "Castoria."³¹

"The presence of an inequitable purpose is necessarily an element of great weight in the determination of a question of fairness in trade. And where another avails himself of the principle of public dedication, he must in good faith fully identify his production, and clearly dissociate his work from the work of the one who has given significance to the name, and

³⁰ 122 App. Div. (N. Y.) 260.

³¹ *Centaur Co. v. Link*, 62 N. J.

³² *Nathan Mfg. Co. v. Rogers Co.*, Eq. 147-1901; 49 Atl. 828.

N. Y. L. Jour., Feb. 27, 1909. Monitor injectors.

sufficiently direct the mind of the trading public to the fact that, though the thing is of the same name, that it is something produced and put upon the market by himself.”³²

Purchase of a patented article from the inventor or his grantees, carries with it the right to lawfully use the inventor's name to describe them. To allow a restraining of

³² *G. & C. Merriam Co. v. Ogilvie*, 159 Fed. 638-1908 (C. C. A. 1st Cir.) [modifying 149 Fed. 858]. After the copyright on earlier editions of Webster's Dictionary, published by the Merriam Co., had expired, defendant published an edition under the name of "Webster's Imperial (a universal) Dictionary;" the Merriam Co.'s later edition being entitled "Webster's International Dictionary." Defendant placed his own name as publisher on the title page and the back, but used at the same time such titles and phrases as "The latest complete authentic Webster's Dictionary," with a reference to supplementary matter contributed by Noah Porter to later Merriam editions. The court below had condemned certain misleading circulars issued by defendant, but had permitted the use of the words used on title page and back, on the ground that the addition of defendant's name as publisher sufficiently notified the public that the book was not that published by the Merriams; it at the same time enjoined the Merriams from representing that they were exclusively entitled to the name "Webster's Dictionary." On appeal, the injunctive relief already awarded was sustained, but was extended so as to condemn the title pages and backs then used by defendant, it being considered that the words used were misleading, in spite of the use

of defendant's name. *Merriam v. Famous Shoes & Clothing Co.*, 47 Fed. 411-1891 (C. C. E. D. Mo.), as to copying book after copyright had expired; and *Merriam v. Texas Siftings Pub. Co.*, 49 Fed. 44-1892 (C. C. S. D. N. Y.). *Sternberg Mfg. Co. v. Miller & Co.*, 161 Fed. 318-1908 (C. C. A., 8th Cir.) reversing C. C. Complainant patented a cigar mold, the chief merit of which was its increased strength from the grain of the wood running up and down, and this became generally known as "Vertical Top." Held, that upon the expiration of the patent rival makers were entitled to use this name, indicating at the same time the difference of origin. Defendant, however, was found to be using in its catalogues and circulars a series of figures of tools, etc., deceptively similar to those used in complainant's, and was required to indicate more clearly to the public that the goods advertised were not of complainant's manufacture. The appellate court directed that the defendant be enjoined "from manufacturing and placing upon the market the 'Vertical Top' cigar mold, without plainly stamping thereon, or otherwise plainly indicating, the name of the defendant as the manufacturer thereof, and also from copying or reproducing, in its published catalogues, circulars, or other printed advertising matter, the cuts and

such a use might lead to an indefinite extension of the benefits of patent statutes.^{32a}

The case of *Greene, Tweed & Co. v. Mfrs. Belt Hook Co.*³³ would seem of doubtful authority, as giving too much weight to the generic character acquired by the article during the life of the patent and disregarding the rights of the complainant. Complainant and its predecessor had long sold various belt fasteners or studs, including a patented article known as the "Blake Stud" or "Blake Belt Stud." Upon the expiration of the principal patent defendant put on the market an article of the same type or design as the "Blake Stud," though without some of its recent improvements in detail. Held, that defendant was at liberty to apply to it the name "Blake Stud," on the ground that this had become descriptive of the article, and also to imitate complainant in stamping two stars on the fastener head, one on each side of the name. (It did not appear that complainant stamped these stars upon all its fasteners.) Preliminary injunction denied. Said the court: "If the stud was always so marked by the manufacturers while they had a monopoly thereof, it may well be claimed now that the distinctive ear-marks which entered into its trade success also became public."³⁴

§ 151. Copying the Color of Goods.—Color as put upon goods themselves may be considered sometimes as dress, sometimes as a part of the article itself. Where two dealers put out matches which were colored in the same way, the court said if two colors there used could be appropriated, other colors also could be appropriated for other matches, and a monopoly of the trade would result.³⁵

figures of tools, implements and machinery produced and published by complainant connected with its trade, without distinctly indicating therein, so as to reasonably advise the public, the fact that the same are of the manufacture and use of the defendant."

^{32a} *Edison v. Mills-Edisonia* (N. J. Ch.), 70 Atl. 191-1908.

³³ 158 Fed. 640-1906 (C. C. Ill.).

³⁴ Citing *Singer Mfg. Co. v. June M. Co.*, 163 U. S. 169; and *Curtain Co. v. Heinsfurter*, 84 Fed. 955.

³⁵ *Diamond Match Co. v. Saginaw Match Co.*, 142 Fed. 727-1906 (C. C. A. 6th Cir.).

In a recent case coming before the United States Supreme Court, as a statutory trade-mark case, the court declined to express any opinion as to how it would have dealt with the case if presented on the broad basis of unfair competition, but was of the opinion that, in the case before it, there could be no trade-mark in the device of painting one strand of wire rope a distinctive color, no particular color being specified, remarking that no authority exists for recognizing mere color, not connected with a particular design, as a trade-mark.³⁶ In *Scriven v. North, supra*,³⁷ the use of similar colors is made a question of good faith. Said the court: "We do not think that it would be proper to forbid by injunction the use of a like color of insertion (of a colored strip in underwear), if that was the natural color of the material used; * * * but the use of an inferior material dyed to imitate the color adopted by the complainants ought clearly to be forbidden, for this color was originally selected by the complainants for the purpose of distinguishing their goods, and the use of inferior material, dyed to imitate it, could have no other purpose than to mislead the public, accustomed to distinctive characteristics of the complainants' garments, into buying an inferior article."

The Circuit Court in Maryland has refused to follow this rule,³⁸ and after a full discussion, held that there was no unfair competition in using a buff-colored longitudinal strip, resembling complainant's, it appearing that, although the natural color of the American cotton used by defendant was not buff, like that of the Egyptian cotton used by complainant, it was common in trade to bleach it white or dye it buff, since the natural color was unpleasing to the eyes.

³⁶ *Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U. S. 166-1906; 30 L. ed. 710; 28 Sup. Ct. 425.

³⁷ *J. A. Scriven Co. v. Morris*, 154 Fed. 914-1907; affirmed in 158 Fed. 1020.

³⁸ 134 Fed. 366-73-1904 (C. C. A. 4th Cir.).

CHAPTER XII.

DRESS OR GET-UP OF GOODS, INCLUDING LABELS, WRAPPERS, BOTTLES, CARTONS, ETC.

SECTION 152. Labels which are not strictly trade-marks are protected.

153. Degree of similarity calculated to deceive.

154. Mere diversity of color not a controlling feature.

155. Imitation of a single feature such as color, form, etc.

156. A collocation of features which singly might be copied is unfair.

157. Resemblance in several features may be fair if these features are common to the trade.

158. Remarks as to classification of the following cases of simulation in dress or general get-up.

159. Designs, devices and figures.

160. Signatures and initials.

161. Reading matter on labels.

162. Misleading use of a label proper in itself.

163. Tobacco tags, cigar bands, etc.

164. Wrappers, cartons, etc.

165. Copying bottles used by competitor.

166. Refilling containers that have been once used.

167. Substitution and selling of inferior goods in dress of goods of a higher grade.

168. Get-up of wagons, buildings, etc.

169. Labels.

170. Labels not registered or copyrighted are protected.

171. Features of an action as to label.

172. Kinds of labels.

173. Classification of label cases.

I. Simulation of labels in which a name is the principal feature.

II. Cases involving label in which the salient feature is a device or catch word, which is copied or simulated.

III. Cases in which there is no salient feature but the whole get-up including the name is unfair.

IV. Cases involving a general resemblance and also a likeness in the name used in which relief was denied.

V. Cases involving no similarity in name but a resemblance in general appearance amounting to unfair competition.

VI. Cases not involving names, in which the general likeness in get-up is not close enough to be unfair.

The growth of the doctrine of the law of unfair competition can be clearly traced in studying cases relating to the general appearance of goods when placed on the market. As recently as 1890, Mr. High, in his well-known book on Injunctions, said (§ 1076): "There can be no trade-mark in the exterior form or color of the article, and hence no injunction to protect the plaintiff in the manufacture of an article of a peculiar form or color. So a package or barrel cannot by reason of its peculiar form, dimensions, or shape, independent of any symbol, figure, or device impressed upon or connected with it, constitute a trade-mark, and will not be protected by injunction." It is true, as Mr. High states, that no trade-mark can be had in color, form, dimension, or shape. It is no longer true that injunction will never issue to protect a trader who has acquired a particular interest or property in a color used in relation to his goods, or in the size, shape, or form in which he puts them up. It has become a recognized fact that severe loss to him and confusion on the part of the public may arise because of the imitation of some one or more of these features of goods, with or without the intent to filch away the trade of the person who uses them.

§ 152. Labels Which Are not Strictly Trade-marks Are Protected.—It was once the tendency of courts to treat all labels as technical trade-marks; but it has been found that many labels do not meet the requirements usually mentioned in defining a trade-mark, viz.: Must (1) point out the origin or ownership of the article; (2) be affixed to a commercial article, and (3) be of such a nature as to be capable of exclusive appropriation by one person. Such labels are nevertheless under the protection of the law of unfair competition, and the unscrupulous trader who seeks to use them to the injury of their owner, will be enjoined.

There are vast numbers of labels in this category, and that protection is as adequate in many ways as that which technical trade-marks receive, although not entirely based on the same principles. In *Wirtz v. Eagle Bottling Co.*,¹ complainant bottled beer and sold it at wholesale. He invented three labels which he put upon his goods. These the de-

¹ 50 N. J. Eq. 164-6-1892; 24 Atl. 655.

fendant imitated. Said the court: "His liquors are known to the public by these labels. They are the sign or symbol by which his liquors are known in the market. If we speak with accuracy, these labels cannot be called trade-marks, but they serve substantially the same purpose. They are the marks by which the complainant's goods are distinguished in the market from all like goods put upon the market by other persons, and are, for that reason, according to many decisions, just as much under the protection of the law as are trade-marks. The law protects them for the same reasons and in precisely the same way that it does trade-marks. The leading principle of the law on this subject is, that no man shall be permitted to sell his goods on the reputation which another dealer has established in the market for his goods, and this principle applies with equal force to the case where the goods of such dealers are known in the market by a label, as it does to the case where they are known by a mark which is strictly a trade-mark."

§ 153. **Degree of Similarity Calculated to Deceive.**—It is hardly necessary to restate here the familiar rule, applicable to trade-marks and all forms of competition, that the defendant's mark may not only not be an exact copy of that of the plaintiff, but that there may be many differences between the two labels or forms of dress, and yet a deceptive resemblance may exist. The question is, not whether the two articles are readily distinguishable when set side by side, but whether the general impression made by defendant's article upon the eye of a casual purchaser who is unsuspecting and off his guard, is such as to be likely to result in his confounding it with the original article. The rule as to what amounts to simulation in unfair competition may be stated in the same language applied to trade-marks generally in *Amoskeag Mfg. Co. v. Spear*.² "It is evident, however, that in order to convey a false impression to the mind of the public as to the true origin or manufacture of goods, it is not necessary that the imitation of an original trade-mark shall be exact or perfect. It may be limited and partial. It may embrace variations that a comparison with the original would instantly disclose, yet a resemblance may still exist that was designed to mislead the public, and the effect

² Sandf. (N. Y.) 599-06-1849.

intended may have been produced; nor can it be doubted that whenever this design is apparent, and this effect has followed, an injunction may rightfully be issued, and ought to be issued." See chapter on Similarity.

An injunction on ground of deceit from mere similarity of appearance will not issue in doubtful cases and where there is no real evidence of actual deceit having been caused.^{2a}

§ 154. Mere Diversity of Color, not a Controlling Feature.—

—A difference in the color of a label or wrapper may be unimportant where there is close similarity in other respects. Diversity of color was held not to constitute sufficient differentiation in *Schmidt v. Brieg*,³ in which the court said: "In fact the only material difference between the two labels in design and appearance exists in the colors, but this is no defense. The difference in color is a mere probative fact, a circumstance to be considered by the court in determining the ultimate question as to whether the defendant's devices so closely resembled the plaintiff's labels as to deceive the public," and, naturally, little importance will be attached to marked differences or even total dissimilarity in parts of a package that are hidden or inconspicuous, as the bottom, or perhaps the sides or ends, if at the same time there is a close resemblance in the part most exposed to view, such as the top of the package.

Defendant's top label for tobacco or cigarettes was of the same size as plaintiff's, and had a similar light, clouded background. There was a general resemblance in the devices borne by the labels; the lettering also as to size, color, arrangement, and general effect was very similar on the two labels. Instead of the words "Monopol Tobacco Works" defendant's label bore the words "North Pole Tobacco Works," and the wrappers on the bottom of the box were dissimilar. Defendant was enjoined.⁴

^{2a} *Samuel W. Rushmore v. Manhattan Screw & Stamping Works*, (C. C. A. July, 1908), citing *Hall Signal Co. v. Railway Signal Co.*, 153 Fed. 907; *Cleveland Foundry Co. v. Silver*, 134 Fed. 591; *Hildreth v. Norton*, C. C. A. Feb. 11, 1908.

³ 100 Cal. 672-81-1893; 35 Pac. 623; 22 L. R. A. 790.

⁴ *Monopol Tobacco Works v. Gen-sior*, 32 Misc. (N. Y.) 87-1900; 66 N. Y. Supp. 155.

The deception may arise not only from the use of words that are truthful in themselves, but from the printing of words in such colors and in such a general manner or with such accompaniments as to produce a false impression.

In *Keller v. B. F. Goodrich Co.*,⁵ there was such a simulation. Plaintiff made "Akron Dental Rubber." Defendant made and sold "Non-Secret Dental Vulcanite, made according to an analysis of the Akron Dental Rubber." They printed this name so that the words "Akron Dental Rubber" appeared in red ink and were prominent. The defendant claimed that there was no infringement because his labels did not assert that his article was that of the plaintiff's, that the similarity would not mislead. The court said: "We should, perhaps, be able to sustain the views of the appellant's counsel if it were not that the words constituting the appellee's trade-mark are printed in colors that attract attention at once, and are so prominently displayed as to catch and hold the eye. The manner in which the words that form the appellee's trade-mark are printed is such as to make them very conspicuous, thus indicating the purpose of the appellant to reap some advantage from the trade-mark, and not merely to impart information. If the object had been to impart information simply, it is evident that no such prominence would have been given those words."

§ 155. Imitation of a Single Feature, Such as Color, Form, Etc.—The general rule that imitation of color alone, or of form alone, does not amount to unfair competition is subject to exceptions. In *Cook & Bernheimer Co. v. Ross*,⁶ the imitation complained of was solely in the shape of the bottle, the labels being distinctive. Complainant had the sole privilege of bottling at the distillery "Mount Vernon Whiskey," and of attaching to the bottles the distiller's guarantee of purity, though others were also entitled to purchase in bulk and bottle and sell as "Mount Vernon Whiskey." Complainant adopted a peculiar and novel square and bulging-necked bottle and after the whiskey bottled and marketed by it had obtained a wide reputation and had become associated by the public with the square-shaped bottle, defendant changed its form of bottle and began

⁵ 117 Ind. 556-7-1888; 19 N. E. ⁶ 73 Fed. 203-1896.

to use a Chinese copy of complainant's, although they claimed to be using stock bottles purchased in the open market. Defendant's use of this shape was held to amount to unfair competition, and a preliminary injunction was granted. See § 165.

In *Sterling Remedy Co. v. Spermine Medical Co.*,⁷ there was a clear and deliberate imitation of the peculiar and usual shape and color of labels and style of box adopted by the complainant, as well as of letter press and of the name applied to the goods. Held, that there should be an injunction against the form of tablet and shape of box as well as against the use of infringing names. So, also, in *Franck v. Frank Chicory Co.*,⁸ the use of a particular label was specifically prohibited, where there had been imitation in other respects also. The court considered itself not bound, in such cases, to limit its injunction to the combined use of all the features of imitation.

Generally speaking, a trader cannot be entitled, even after long and exclusive use, to monopolize a particular color or a particular shape, size, or style. "The trend of the law is strongly toward the proposition that, in ordinary circumstances, the adoption of packages of peculiar form and color alone, unaccompanied by any distinguishing symbol, letter, sign, or seal is not sufficient to constitute a trade-mark."⁹

This general rule has been applied in a variety of ways. In *Fleischmann v. Starkey*,¹⁰ for example, it was held that no exclusive right could be acquired to use a yellow-colored label for packages of yeast. In *Mumm v. Kirk*,¹¹ complainant's champagne was known as "Mumm's Extra Dry," and the bottle had a capsule of peculiar color. Defendant used a capsule of similar color, and described his wine as "Extra Dry." His labels were entirely different, but the labels often dropped off in cooling before the bottle reached the consumer. There were minor differences in dress, in addition to the difference in labels, and no actual deception was proved. The defendant was not required to change the color of his label. Had there

⁷ 112 Fed. 1000-1901 (C. C. A. 7th Cir.).

⁸ 25 Fed. 127-1885.

⁹ 95 Fed. 88-1899.

¹⁰ 40 Fed. 589-1889 (C. C. S. D. N. Y.).

¹¹ *Philadelphia Novelty Mfg. Co. v. Rouss*, 40 Fed. 585-1889 (C. C. S. D. N. Y.).

been any proof of deception at all, it would seem that this was a proper case for an injunction. See § 42.

§ 156. A Collocation of Features, Which Singly Might be Copied, is Unfair.—It was attempted in *Hennessy v. Dompe*,¹² to defend an action for the copying of the general appearance of a brandy bottle label by contending that, before a comparison could be made, all features of the label common to the trade must be eliminated, and then it must be decided (1) whether the remaining features of the label were used by purchasers to distinguish and recognize the goods, and (2) if so, were those features used by the defendant sufficiently similar to those of the plaintiff to cause confusion. The court used this elimination method in deciding against the plaintiff, but after an appeal had been taken, and before it was heard, the defendants admitted their label was an infringement, and consented to an injunction.

No one can have a trade-mark monopoly in color of paper, or in shape of label, or in color of ink; but a general collocation of such details will be protected by injunction. Where a defendant and its predecessors had long used on their granite-ware a lozenge-shaped label, printed in black ink, on grayish blue paper, the complainant subsequently began to manufacture similar ware, using a rectangular label of larger size than defendant's, printed in dark blue ink on light blue paper, with a trade device on the upper half. Three years later defendant changed its label for one similar as to paper and ink, placing on the upper half its old lozenge-shaped trade-mark. No reason for the change was shown. No weight was given to defendant's affidavits that there had been no intention to mislead, and it was held unfair competition.¹³

An exclusive right to use a particular form, color, or other feature, not by itself, but in combination with certain other features, may be acquired. In *New England Awl & Needle Co. v. Marlborough Awl & Needle Co.*,¹⁴ defendant imitated plain-

¹² 19 R. P. C. 333-1902.

¹⁴ 168 Mass. 154-1897; 46 N. E.

¹³ *Lalanc & Grosjean Mfg. Co. v. National Enameling & Stamping Co.*, 109 Fed. 317-1901 (C. C. S. D. N. Y.).

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tiff's packages in the color of the box and color of the label, the words and type of the inscription, and in practically every other detail excepting the name and address of the manufacturer. In deciding this to be unfair competition Holmes, J., after remarking that no monopoly of color could be claimed, said (p. 156): "But the most universal element may be appropriated as the specific mark of a plaintiff's goods if it is used and claimed only in connection with a sufficiently complex combination of other things. The plaintiff did not claim the exclusive right to brown labels for awls, but it claimed the exclusive use of the brown color in the combination which we have described. If the only other element besides the color had been a box of a certain size, and a label of a certain shape, the case might be different,¹⁵ but when there is added an inscription which both in its pictorial aspect of black marks and in its meaning was calculated to confuse if not to deceive, the plaintiff's claim seems to us moderate."

In this class of cases the ultimate question asked is this: Is the defendant not expressly, but in effect, representing or enabling the retailer to represent to the public that the goods offered are the familiar goods of the complainant? The various resemblances are to be regarded as evidentiary facts, bearing on the one hand on the presumable intent of the defendant and on the other on the probable effect upon the mind of the ordinary purchaser. Thus in *Frese v. Bachof*,¹⁶ Wheeler, J., said: "Probably no mere form of a package would ever alone amount to a representation, capable of deceiving, that the wares contained in it were those of any particular make. But, when the form of the packages, the color of the wrappers and papers done up with them, and the form and color of the labels are considered all together, it is quite apparent that when they had been so long used by the orator's firm for holding this particular compound when offered for sale, the mere appearance of the packages would amount to a representation that they contained that article, of that manufacture." In this case the name of the article, rightfully used by both parties, was "Hamburg Tea," which defendant put up in packages closely

¹⁵ *Enoch Morgan's Sons Co. v. Troxell*, 89 N. Y. 292-1882. ¹⁶ 14 Blatchf. 432-5-1878.

resembling complainant's in being of long cylindrical shape, with pink wrappers, and papers of instructions of the same colors and with labels similar in arrangement and appearance, the only substantial difference being in the names of the parties.

In *Jones v. Hallworth*,¹⁷ Kekewich, J., after remarking that any one of a number of features may be open to common use, so that as to any one of them singly there may be an innocent resemblance, says: "But, by an inductive process, one may come to this conclusion, that every one of those perfectly innocent things, when combined in a series, may produce something which is the reverse of innocent."

§ 157. Resemblance in Several Features May be Fair, if These Features Are Common to the Trade.—Even where there is a general resemblance, such as may tend to some confusion in the mind of the casual purchaser, and although such a resemblance may appear to have been designed by the purchaser, the details in which similarity is shown, and indeed the similarity of general effect may be common to the trade. To constitute unfair competition the features imitated must be such as distinguished plaintiff's goods from others, not such as he shares with the trade generally. For example, in *United States Tobacco Co. v. McGreenerly*,¹⁸ the complainant sold cut plug tobacco in packages bearing conspicuously the words "Central Union" and "Union Made" and the label of a trade union, together with other words and devices. Defendant sold similar tobacco in packages of the same size, the paper being of the same kind and quality. Its packages were conspicuously marked "Union Leader," and while there was in other points a degree of resemblance, there were also noticeable differences, particularly in the device. Wrappers resembling complainant's in shape, size, style and color of paper, and in style of lettering had long been common, and the word "Union" had been used in various brands. Some purchasers were shown to have been deceived. It was held, that the resemblance was principally in features often combined in common use, and that

¹⁷ 14 R. P. C. 225-34-1897.

¹⁸ 144 Fed. 531-1906 (Circ. Ct. Mass.); affirmed in 144 Fed. 1022.

deception had not been shown to have arisen from resemblance in any feature peculiar to complainant. Said the court (p. 534): "While fraud alone is not sufficient to entitle the complainant to a decree, yet it is a fact to be taken into consideration by the court. A defendant may lawfully seek to enlarge his custom by selling cheaper than his rivals, packages of tobacco put up in an old form; and this, even if the packages thus sold are bought by a careless public in the belief that the tobacco is that of the complainant. A defendant may not lawfully seek to obtain the complainant's custom by deceiving the public through the appropriation of some characteristic of the complainant's package which was new in the art, and is the complainant's peculiar property. The distinction thus expressed must be kept carefully in mind."

So in *Payton & Co. v. Snelling, Lampard & Co., Ltd.*,¹⁹ the court remarked: "The evidence is very strong that one tin may be mistaken for the other,—very likely; but why? Because of the features common to them and common to all."

In *Hoyt v. Hoyt*,²⁰ plaintiffs made and sold "Hoyt's German Cologne" at Lowell, while defendants made and sold "Hoyt's Egyptian Cologne" at Philadelphia. Defendants used a bottle of similar shape to that used by plaintiffs. This was, however, a stock bottle which anyone could buy; and they used a similar cap label, although one that had been used by others than plaintiffs; they also packed bottles in boxes in the peculiar manner adopted by plaintiffs. Held not unfair competition.

¹⁹ 17 R. P. C. 48-53-1900. "What is it that the plaintiffs must make out in order to entitle them to succeed in this action? . . . Where the features in which they resemble each other are common to trade, what has the plaintiff to make out? He must make out not that the defendant's are like his by reason of those features which are common to them and other people, but he must make out that the defendant's are like his by reason of something peculiar to him and by

reason of defendant having adopted some mark or device or label or something of that kind which distinguishes the plaintiff's from other goods which have, like his, the features common to the trade. Unless the plaintiff can bring his case up to that he fails." Cited with approval and as a rule by Kekewich, J., in *King & Co. v. Gillard*, 21 R. P. C. 589.

²⁰ 143 Pa. St. 623-1891; 22 Atl. 755; 13 L. R. A. 343.

An injunction was refused in *Coats v. Merrick Thread Co.*,²¹ in which there was a certain similarity in labels placed upon the ends of spools, especially in the use of concentric rings of black and gold, which had become common in the trade, and in embossing on the border the numeral 40 for the number of the thread. The labels were differentiated by the manufacturer's name conspicuously printed.

§ 158. **Remarks as to Classification of the Following Cases of Simulation in Dress or General Get-up.**—Concurring similarity in name and in dress may amount to unfair competition, though the similarity in either respect by itself, would not be enough. In the following pages are groups of cases in which certain features of the get-up are prominent or distinctive, but there are many cases of similarity of dress, or general appearance of labels and packages, which are very difficult to classify, because it is a question of the concurrent effect of many details; and it is often impossible to put one's finger on a particular point of resemblance, and say that is the controlling or salient feature.

Each case stands by itself. The questions presented by any particular case are rather of fact than law. Similarity in general, and in the goods themselves, as distinguished from the containers or packages, are separately treated in the chapters on Similarity and Simulation of Articles Themselves.

§ 159. **Designs, Devices, and Figures.**—It is a common practice to designate goods by designs, symbols, and figures which are original or peculiar, and serve to identify the goods in the same manner as a name identifies them. These devices are of particular value to a maker of goods which are largely consumed by ignorant people or people unfamiliar with the English language, because they enable a purchaser of this sort to recognize the goods when he sees them a second time. See § 39. In many cases the devices are not technical trade-marks, and not copyrighted. It is with such devices that we shall deal here. In *Colman v. Crump*,²² the plaintiffs for seventeen years had made mustard, placing on their packages a figure of a bull's head. When they began to use it, they knew of no one

²¹ 149 U. S. 562-1892; 37 L. ed. 847; 13 Sup. Ct. 966.

²² 70 N. Y. 573-78-1877.

using such mark. They never copyrighted this mark, nor attempted to comply with the statutes of the United States relating to trade-marks. Their product came to be known as "Bull's Head Mustard." The defendants were manufacturers of labels which were used by mustard manufacturers; some of these labels were almost exact copies of the plaintiffs' labels. Held, that plaintiffs were entitled to restrain the use of a similar figure on other brands of mustard, the court saying (p. 580): "The fact that the same device is used upon other articles of merchandise does not take from the plaintiffs their rights to its exclusive use on this one article of their manufacture," and also "A party may have a property in — that is, an exclusive right to use — a name, symbol, figure, letter, form, or device to distinguish goods manufactured and sold by him, and those manufactured and sold by others, or to indicate when or by whom, or at what manufactory the article was manufactured. It is an infraction of that right, to print or manufacture, and sell for use upon articles of merchandise of the same kind as those upon which it is used by the proprietor, any device or symbol which by its resemblance to the established trade-mark will be liable to deceive the public, and lead to the use of that which is not the manufacture of the proprietor, believing it to be his."

Not only are these devices on goods important in themselves, as identifying the goods to the eye of the purchaser, but they have an additional value, as the basis of popular nicknames for the goods on which they are put. For instance, in the case just cited, mustard on which a bull's head had long appeared came to be known as "Bull's Head Mustard," and plasters on which a red cross had been used came to be called "Red Cross Plasters."²³ In the latter case it was held, that the use of a Greek cross of somewhat different form, with a red circle in the center, was an infringement, despite the fact it bore on its face letters and marks not on the other label, and though there was little resemblance in the package or other parts of the get-up.

²³ *Johnson v. Bauer & Black*, 82 Fed. 662-1897.

In *Seixo v. Provezende*,²⁴ the court says: "I do not consider the actual physical resemblance of its two marks to be the sole question for consideration. If the goods of a manufacturer have from the mark or device he has used become known in the market by a particular name, I think that the adoption by a rival trader of any mark which will cause his goods to bear the same name in the market may be as much a violation of the rights of that rival as the actual copy of his device."²⁵

§ 160. **Signatures and Initials.**—Among those devices which are frequently copied are the autograph signatures of the makers or inventors of the goods on which the labels appear. These are to be considered in the same category with all of these figures and devices, and even when not trade-marks are protected under the rules of unfair competition. In *C. F. Simmons Medicine Co. v. Simmons*,²⁶ the head-note states the "defendant manufactured and sold a medicine to which he gave a name similar to the name of the complainant's medicine, including the name of the inventor; he placed on the wrapper of his medicine a picture of a bust, and an autograph signature, complainant's medicine having long been known among an ignorant class of purchasers by similar signs; he issued directions which were almost a literal copy of the complainant's; and he published a card in which he described himself as the son and successor of the inventor of complainant's medicine." This was unfair competition.

²⁴ 1 Ch. App. 192-6-1865.

²⁵ *Philadelphia Novelty Co. v. Blakesley Novelty Co.*, 37 Fed. 365-1889 (Cir. Ct. Conn.). Defendant put up hair-crimpers in a box of the same color, and bearing a label of the same color as used by the plaintiff. The boxes were not alike in shape, nor in the printed matter on the label, but there was a resemblance in respect to the central device, a woman's head or bust; the use of this device by defendant's predecessor antedated that by plaintiff's predecessor. Preliminary injunction denied.

Wellman & Dwire Tobacco Co. v. Ware Tobacco Works, 46 Fed. 239-1891 (Cir. Ct. Minn.). Defendants' label for tobacco packages resembled complainants' in the colors used, and in certain devices of a shield or banner, and an ellipse with a circle, and otherwise, so that in spite of variations there was a general resemblance. There was no similarity in the names applied by the representative manufacturers to their tobacco. Injunction.

²⁶ 81 Fed. 163-1897 (Cir. Ct. Ark.).

Where a name, portrait, or *facsimile* signature of another is employed without consent and against his will, with a view to deceive the public into the belief that the product sold was prepared by him, and offered to purchasers with his sanction, an injunction will be granted. Jenkins, Circuit Judge, has said in such a case: "The name of an eminent philanthropist was taken without his consent and against his protest. The assumption of name was a wrong which we cannot doubt a court of equity would, upon his application, have restrained, even if the purpose of the corporation had been wholly innocent and praiseworthy; but here, it is clear, the name, the portrait, and the *facsimile* signature of Rev. Sebastian Kneipp were employed, not only without his consent and his will, but were so assumed with a view to deceive the public, and to induce the belief that the produce marketed and sold was prepared under his supervision, and offered to the public with his sanction. Under such circumstances, equity will not hesitate to extend its preventive arm."²⁷

§ 161. **Reading Matter on Labels.**—Reading matter on labels and wrappers often consists of the names of makers, agents, etc., designations of quality or quantity, directions for use, cautions against imitations, warnings as to features of the marks used on the genuine goods. The questions relating to names are fully discussed in the chapter on Names of Goods. Directions for use are frequently copied in whole or in part by an unfair dealer. Thus phraseology alone may be copied or, in addition, the type and general method of printing may be imitated also. Doing either or both of these things, especially if accompanied by imitation on other points, may be treated as unfair competition. In *Ball v. Siegel*,²⁸ it is said that it is well settled that directions, advertisements, notices, etc., constitute no part of a trade-mark. In *Bates Mfg. Co. v. The Bates Machine Co.*,²⁹ plaintiff put up his goods in boxes on one end of which was a label and the words "A Few Don'ts." Under this title were seven

²⁷ *Kathreiner's Malzkaffee Fabriken Mit Beschraenkter Haftung v. Pastor Kneipp Medicine Co.*, 82 Fed. 321-1897; 53 U. S. App. 425. See also

Mueller Mfg. Co. v. McDonald & Moonson Mfg. Co., 1001-1909.

²⁸ 116 Ill. 137-1886; 4 N. E. 667.

²⁹ 141 Fed. 213-1905.

different sentences which begin with the word "Don't." Defendant's goods were put up in boxes of similar shape; on the end of each was a label bearing the words "A Few Don'ts." On both the defendant's and plaintiff's labels the word "Dont's," was in large capital letters. Under the title of defendant's labels were seven sentences commencing with the word "Don't;" four of these were literally the same as those used upon the plaintiff's boxes, and the other three were substantially the same. The labels on complainant's boxes also contained the words "Useful Hints." On the defendant's boxes was a series of "Important Suggestions," the substance of these hints and suggestions being the same. Preliminary injunction was granted.

§ 162. **Misleading Use of a Label Proper in Itself.**—A person may have full right to the use of a label and yet by concealing a part of it in packing his goods, or by unduly emphasizing a part of it, give the impression that his goods are those of someone else. The cases here given are those showing instances, not of the copying of a label, but of attempts to approximate the appearance of the plaintiff's goods by misuse of a label, which properly displayed would not be a violation of the plaintiff's rights. In *Williams v. Brooks*,⁵⁰ plaintiffs for ten years past had been making hairpins at Birmingham, England, under the name of D. F. Tayler & Co., These they put up in pink, yellow, and brown papers and imported same into the United States. For three years the defendants had been making hairpins in the United States and had put them up in pink and yellow papers, upon which was a printed statement that the hairpins were manufactured by L. B. Taylor & Co., Cheshire, Connecticut. The court below found that the wrappers were so nearly like those of the plaintiffs as to deceive the careless and unwary purchaser. The defendants used their labels with full knowledge of the plaintiffs' trade-mark and reputation. The defendants always sold their pins as of domestic manufacture, and for less than the plaintiffs charged for theirs. When the defendants' pins were done up in ounce packages and looked at separately,

⁵⁰ 50 Conn. 278-1882.

the words "Cheshire, Conn.," appeared plainly on the wrapper; but when these were gathered into pound packages, the whole of the printed label was not seen. Says the court (p. 282): "The defendants have no right to destroy or diminish the property of the plaintiffs in the name of 'D. F. Taylor & Co.,' and in the device and vignette with which it is connected, applied to the manufacture and sale of hairpins, by so printing the name of 'L. B. Taylor & Co.,' not borne by either of them, but purchased solely for use in connection with this particular branch of their business, as part of a device and vignette upon a pink or yellow wrapper * * * as that their entire device shall so closely resemble that of the plaintiffs as to be liable to deceive careless and unwary purchasers; and this regardless of the fact that the defendants believed their manner of use of the name and vignette to be within the law; for the injury to the plaintiffs remains the same."

§ 163. Tobacco Tags, Cigar Bands, Etc.—Tags on tobacco packages and bands on cigars are so conspicuous as badges of identity, in view of the similarity in various other points for the most part common to the trade, that sometimes a resemblance in these has been held to be calculated to deceive, even though the name on the tags or bands may have been different. In *Lorillard v. Wight*,³¹ complainants fastened upon the outside of the plugs of their tobacco, tin tags variously colored according to the brand, with the name of the brand and of the makers stamped upon them. They were the first to use this device, and the public had come to recognize their products by these tags. Defendant, or parties represented by him, afterward put upon the market plug tobacco, bearing the tin tags of the same size and shape, the same color and enamel finish. The words were very different, but they were in small letters and in ink of the same color. Defendant's plugs, however, were of different size, color, and flavor. Held, that while defendant had a right to use tin tags, he had no right to use tags so nearly resembling complainant's as to mislead the public. In *Reynolds To-*

³¹ 15 Fed. 383-1883 (C. C. Md.).

bacco Co. v. Allen Bros. Tobacco Co.,³² complainant and its predecessors had since about 1880 made and sold a brand of plug tobacco under the name "Schnapps," and from 1894 attached to the plugs distinctive tags of lozenge shape, with the word "Schnapps" in slanting red letters on dark background. This brand was largely advertised with pictures of the tag and was generally recognized by the tag, having a very large sale in the South where many customers could not read. Defendant afterward put on the market an inferior grade of tobacco in plugs of the same size and shape, with tags of the same color and slant, the only difference being that the name "Traveller" was used instead of "Schnapps." It was shown that the tag was intended to, and actually did, deceive customers. Injunction granted. A preliminary injunction has been granted against the use by defendant upon cigars of panatella shape, bands similar in colors, and bearing a similar elongated oval escutcheon.³³

§ 164. **Wrappers, Cartons, Etc.**—The rules of similarity, as to copying goods themselves and as to labels apply to all sorts of containers, such as boxes, wrappers, cartons, bags, envelopes and the like. Cases involving a simulation of these articles could be multiplied, but it would be only a reiteration of rules given elsewhere.³⁴

³² 151 Fed. 819-1907 (C. C. W. D. Va.).

³³ *Clay v. Kline*, 149 Fed. 912-1906 (C. C. S. D. N. Y.).

³⁴ *Pennsylvania Salt Mfg. Co. v. Myers*, 79 Fed. 87-1897 (C. C. E. D. Mo.). Complainant had long sold concentrated lye in cylindrical packages, the wrappers of which were white with black margins and horizontal lines, and bore prominently the word "Saponifier," by which for many years complainant had distinguished its lye from that of other manufacturers. Defendant then put upon the market lye in packages of similar size and shape, the wrappers being white, with similar black lines,

and bearing the word "Saponifier" in large letters. Defendant's own trade name, however, appeared on the package, and the reading matter in smaller type was different. Held unfair competition on defendant's part. *Centaur Co. v. Killenberger*, 87 Fed. 725-1898 (C. C. N. J.). In connection with the use of the same name "Castoria" (which had become public property), defendant used a wrapper of the same color as complainant's, bearing an inscription similar in type, arrangement and general appearance, and in other features resembling complainant's. Held, unfair competition. The court says: "Bearing in mind that the com-

§ 165. **Copying Bottles Used by Competitor.**—Where the use of bottles of the same shape as complainants' has been enjoined, there have generally been other features imitated at the same time, but in some cases a peculiar form and appearance devised for a bottle has been the principal, if not substantially the only, feature imitated. In *Cook & Berntheimer Co. v. Ross*,³⁵ plaintiff bottled whiskey at a distillery, using bottles of a peculiar shape and bearing the distiller's guaranty of purity, and through extensive advertising the bottles were relied upon by purchasers to identify plaintiff's whiskey. Defendants who had been dealing in the same whiskey of their own bottling adopted a bottle of the same shape and appearance as that of plaintiff's, but with entirely different labels, and the use of such bottles by the defendant was restrained. In *Chas. E. Hires Co. v. Consumers' Co.*,³⁶ the defendant, a bottler, after having for some time used distinctive labels and forms of bottles for its root beer and other beverages, changed the form of its root beer bottles only, and adopted a form identical with the peculiar and unusual form long used by complainant, and also changed its labels so as to resemble complainant's somewhat closely. Held, that it was not enough to enjoin the use of labels similar in appearance, and that the use of a bottle of similar shape should also be enjoined. The court says: "The court below seems to have placed its refusal to extend its injunction to include the bottle used by the defendant upon the notion that one has the right, under all circumstances, to use any form of bottle he may desire. An action like the present proceeds upon no such ground, but upon the principle that one may not, by means lawful in themselves when devoted to a lawful end, perpetrate a fraud upon the public, or infringe the rights of another."

plainant's wrapper was well known to the trade for years before the adoption of that of the defendant, it is impossible, in view of the accumulated resemblances, to avoid the conclusion that these numerous similarities were not the result of chance,

but are chargeable to design" (*id.* p. 726).

³⁵ 73 Fed. 203-1896 (C. C. S. D. N. Y.).

³⁶ 100 Fed. 809-1900 (C. C. A. 7th Cir.).

The Bauer Company procured bottles to contain its cordial to be made in the same ungainly shape as the bottles used by the Carthusian monks. The glass was colored to correspond with the color of the cordial contained therein, precisely as was done by them. Its labels corresponded also in color with their labels, and the arrangement of the lettering thereon corresponds with that upon these labels. It substituted the word "Chasseurs" for Chartreuse," — a word not dissimilar in sound and appearance, and likely to delude a purchaser. Defendant made untrue statements "putting forth a false suggestion that the article was imported from France, when in fact it was made in the city of Chicago." Said the court: "We have little patience with such schemes."⁸⁷

In *Kronthal Waters, Ltd. v. Becker*,⁸⁸ complainant and its predecessors had long sold in the United States the waters of a German mineral spring, using a bottle with a peculiarly shaped blue neck label marked "Blue Label," and the water was widely known as "Blue Label Mineral Water." Defendant began to use for a different mineral water a bottle of the same shape, and size, and color, with neck and body labels of the size and style and almost the same color, the words on the labels, however, being different, though arranged similarly. A preliminary injunction was granted.

In *Evans v. Von Laer*,⁸⁹ the resemblances were (1) in the use of the name "Montserrat Lime Fruit Juice," (2) in the color of the labels, and (3) in the form of the bottles. Montserrat was the island from which both parties imported lime juice, and the bottles were of a shape common in the lime juice trade. This was not considered unfair, but defendant was enjoined from refilling complainant's bottles. See § 155.

§ 166. Refilling Containers That Have Been Once Used.—To buy goods of another in bulk, and resell under truthful labels is not usually unfair. Plaintiffs manufactured a disinfectant, known as "Coudy's Fluid," and these words were registered as their trade-mark. It was generally sold, both

⁸⁷ *Bauer Co. v. Order of Carthusian Monks*, 120 Fed. 78-80-1903 (C. C. A. 7th Cir.).

⁸⁸ 137 Fed. 649-1905 (C. C. E. D. Pa.).

⁸⁹ 32 Fed. 153-1887 (C. C. Mass.).

at wholesale and retail, in small bottles. In this instance, however, they had sold a cask of the fluid to defendants, who had bottled it, and were selling the bottles labeled with the words "Coudy's Fluid (Crimson) warranted genuine." It appeared that there had been some deterioration of the fluid, due to the action upon it of the wood of the cask. Held, that defendants were within their rights.

The court (Kekewich, J.) says: "A manufacturer who sells to a dealer, in bulk, an article generally sold and used in small quantities, without any restriction on its disposal, must be taken to authorize the dealer to sell the article in small quantities, as being the manufacture of his vendor."⁴⁰

It is unfair, however, to misstate the quality in reselling. The rights which are acquired by the purchaser in bulk do not permit him to misrepresent the quality of the article to his customers. Could this be done it would be a means of unfairly injuring the reputation of another's goods.⁴¹

Where the defendant took the label off of the boxes containing plaintiff's 753 grade pens, which was a poor grade, and put on one bearing number 303, which number plaintiff used for his fine grade goods, it was held, that the plaintiff was defrauded by these acts which caused destruction of confidence in his goods.⁴²

Again, purchasers in bulk will be enjoined from representing that they are the original makers, when they resell. Plaintiffs were noted manufacturers of brandy in France, which

^{*} *Condry & Mitchell v. Taylor & Co.*, 56 L. T. N. S. 891-1887 (Ch. Div.). See also *Russia Cement Co. v. Frauenhar*, 133 Fed. 518-1904 (C. C. A.).

^{*} *Russia Cement Co. v. Katzenstein*, 109 Fed. 314-1901 (C. C. S. D. N. Y.). Complainant manufactured glue well known as "Le Page's Glue." Different grades were designated by some additional word; the highest grade was called "Le Page's Liquid Glue," and the lowest "Le Page's Fish Head Glue." Defendants purchased of complainant in

bulk a quantity of the latter grade, which they put up in bottles with distinctive labels correctly stating that it was manufactured by complainant and bottled by defendants, but on which they printed "Le Page's Liquid Glue." Held, that such use for an inferior grade, of a trade name which had become associated by the public with complainant's best grade, was fraudulent and should be restrained as unfair competition.

^{*} *Gillott v. Kettle*, 3 Duer (N. Y.) 624-1854.

they sold both in casks and in bottles, the bottled goods being of superior quality. Defendant purchased plaintiffs' brandy in casks, and then bottled and sold it, the bottles, labels, etc., colorably imitating those of plaintiffs, though the label indicated in small letters that the bottling was done by defendant. Held, that defendant should be enjoined from thus passing off on the public plaintiffs' second-grade brandy as their bottled and first-grade goods.⁴³

A presumption of intent to pass off will arise where one sells bitters in competition with Hostetter's Bitters which are usually marketed in bottles, and puts his product in demijohns marked "Host-Style Bitters," and gives with the demijohn an empty Hostetter bottle.⁴⁴

Selling a brandy which is not Hennessy's out of a bottle marked as if containing Hennessy's Brandy, will be enjoined.⁴⁵

Purchase of second-hand retainers — bottles, boxes, and the like will not give to the buyer a right to again use them if such use will cause deceit, and so injure the original user of the container. Such conduct cannot fail to cause a passing off of the goods of the second user for those of the first. These cases usually concern refilling of bottles, which often are of a peculiar shape identified by the public with a particular brand of goods.

In *Eckhart v. Consolidated Company*,⁴⁶ both parties were flour manufacturers. Eckhart delivered flour to customers in bags bearing the various trade-marks of the Consolidated Company. Eckhart justified himself by saying that his customers were bakers, and that sometimes by agreement they sold to bakers large quantities of flour in bulk, and that the bakers furnished bags to them for the delivery of the flour; that they also purchased from bakers second-hand bags, among which were bags of the Consolidated Company. They denied that the

⁴³ *Hennessy v. White*, 6 Wyatt, Webb & A'Beckett 216-1869 (Victoria); also *Hennessy v. Hogan*, 6 W. W. & A'B. 225.

⁴⁴ *Hostetter Co. v. Becker*, 73 Fed. 297-1896 (C. C. S. D. N. Y.).

⁴⁵ *Hennessy v. Neary*, 19 R. P. C. 36-1901.

⁴⁶ 72 Ill. App. 70.

public was deceived or that the bakers were deceived or that the Consolidated Company were injured. Held, * * * "To entitle a complainant to relief by injunction in a case like the present, it is not necessary to show that the public are or have been actually deceived. The remedy by injunction is preventive, and it is sufficient to show facts from which the court can deduce the conclusion that the complainant has reasonable ground to fear that the public and the complainant's customers may be deceived, to the injury of the complainant; that the use made by the defendant of the complainant's marks is calculated to deceive, and probably will deceive the public, to the injury of the complainant. It is obvious that, after appellants delivered flour to their customers, the bakers, in bags marked and branded as before stated, appellants would not, in all cases, follow the bags, nor could they control the bakers in the disposition of their flour, nor could they have personal knowledge as to how the bakers disposed of it, or as to whether or not they sold it, or any of it, or exposed it for sale in the bags in which it was delivered to them; or represented to their, the bakers', customers, that bread sold by them was made of flour of the brands marked on the bags, showing the bags. By delivering to the bakers their flour in bags marked as stated, they put it in the power of the bakers to dispose of the flour as that of appellee." ⁴⁷

The following cases deal with refilling of second-hand bottles. In *Hostetter Co. v. Sommers*,⁴⁸ complainant had long sold "Hostetter's Stomach Bitters" in bottles of a peculiar form, and its product had a wide reputation. Defendants sold spurious bitters in bulk, marking them "Stomach Bitters" or "Hostetter's Bitters," with the intent (as the evidence was held to establish) that the purchasers should put them in second-hand Hostetter bottles, and sell them by the drink to customers applying for "Hostetter's Bitters." Held unfair competition.⁴⁹

⁴⁷ Citing *Coats v. Holbrook*, 2 Sandf. Ch. (N. Y.) 586. *German-Reinert Distilling Co.*, 46 Fed 188-1891 (C. C. E. D. Mo.); *Samuel*

⁴⁸ 84 Fed. 333-1897 (C. C. S. D. N. Y.). *Bros. & Co. v. Hostetter Co.*, 118 F. 257, 55 C. C. A. 111.

⁴⁹ See also *Hostetter Co. v. Brueg-*

Hostetter made "Hostetter's Celebrated Stomach Bitters," these words appearing conspicuously on his label. Adams made and sold bitters of their own manufacture, marketing them in bottles of the same size and shape and color as plaintiff's, often using old bottles of the plaintiff's on which "Hostetter" was blown in the glass, but covered by defendant's label. The color and general appearance of defendant's label was very similar to plaintiff's, and it contained similar devices such as the figures of a horse and rider and shield. The preparation was described in this label as "Clayton & Russell's Celebrated Stomach Bitters." Plaintiff held entitled to an injunction and to an accounting of profits.⁵⁰

§ 167. Substitution and Selling of Inferior Goods in Dress of Goods of a Higher Grade.—"In supplying a customer who orders and expects to get the goods of A., the substitution of any other goods is illegal, unless the customer understands that he is not getting what he ordered and assents thereto. The above-mentioned rule is quite in accordance with the principle of commercial honesty."^{50a}

The complainants manufactured an antiseptic called "Argyrol" and defendant, a jobbing druggist, kept silver nucleinate, a more or less similar but cheaper preparation, which he was accustomed to offer customers who called for argyrol; it was held to be unfair competition.^{50b}

It is a clear infringement of trade-mark to place in a box bearing the trade-mark of one manufacturer the goods of another and then to offer or deliver the goods to purchasers, and the courts will not readily accept an explanation that such substitution was accidental.⁵¹

For a dealer to buy his competitor's inferior grade whiskey

⁵⁰ *Hostetter v. Adams*, 10 Fed. 838-1882 (C. C. S. D. N. Y.); *Hostetter v. Martinoni*, 110 Fed. 524-1901 (C. C. N. D. Cal.). "Hostetter's Bitters," long well known, were sold by complainant. Defendant sold to customers inquiring for Hostetter's Bitters, other bitters as "H. Bitters," placing them in complainant's empty bottles which still bore the original

labels. Held a fraud on complainant. *Evans v. Von Laer*, 32 Fed. 153; *Sawyer Crystal Blue Co. v. Hubbard*, 32 Fed. 388.

^{50a} Cutler on Passing Off, London, 1904, p. 1-2.

^{50b} *Barnes v. Pierce*, 104 Fed. 213-1908 (C. C. N. Y.).

⁵¹ *Barnett v. Leuchars*, 13 L. T. N. S. 495-1865.

and sell it under the name of a high grade brand of that competitor is unfair.^{51a}

Where distillers and selectors of gin have for many years put up and exported their gin in dark glass bottles of a distinctive size and shape, having their firm name, address, and registered monogram trade-mark blown in the glass, one who refills such bottles with an inferior quality of gin, which he sells without notice that such gin is not genuine, infringes their rights, and should be restrained, though the refilled bottles are sold at a less price than the genuine, and do not have such distiller's monogram paper label and stamp on the cork (head-note).^{51b}

§ 168. Get-up of Wagons, Buildings, Etc.—There may be unfair competition by any sort of unfair representation,—as much by the painting or construction of a wagon or a building as by misuse of a name or a label. The following are cases of this sort.

In *Nokes v. Mueller*,⁵² both the parties were engaged in the sale of milk in the city of Springfield, Illinois, the appellee having been in the business for about sixteen years. During all this time in supplying his customers he used wagons which had a yellow running gear, brown body, and white top, with a picture of two cows, some trees, a running brook, some lilies and a fence, and the name "Walnut Grove Dairy" on them. Appellant commenced business in Springfield in February, 1895, using wagons with a black top, and with no name on them, to deliver milk to his customers. Shortly before this suit, he took them to the shop where appellee had his wagons painted. Prior to this time appellant had had no work done at this shop. These wagons were painted with running gear yellow, body brown and top white. In front of the entrance on either side was a picture of two cows, a mountain, a Swiss castle with a cupola, a running brook, and some lilies. In the rear of the entrance, and on either side, on the white tops, there was in black letters the name "Walnut Park Dairy," and under this

^{51a} *Teacher v. Levy*, 23 R. P. C. 117-1905.

enbach, 112 Fed. 528-1901 (C. C. N. D. Cal.).

^{51b} *Van Hoboken v. Mohns & Kalt-*

⁵² 72 Ill. App. 431.

the name "A. B. Nokes." At this time appellant was living on what was known as the "Walnut Park Farm." The court said: "The appellee in sixteen years has established a large profitable trade, and carries it on under a given name, and should be protected from those attempting to usurp his business. The wrong in this case does not consist in appellant painting the running gear of his wagons yellow, or the body brown, or the top white, etc. The wrong is in their accumulation, not in any one of them alone; but all combined are sufficient to entitle appellee to an injunction. * * * It cannot be maintained that appellee so impoverished the vocabulary of the English language, and so exhausted the taste and skill of the artist who lettered and painted the pictures on his wagons, that appellant was compelled to imitate him so closely. We feel constrained to hold from the facts and circumstances in proof of this case that his purpose was to usurp appellee's business, and draw some of his customers to him, and would thereby injure appellee's business he has been so many years in establishing."

In *N. Y. Cab Co. v. Mooney*,⁵³ plaintiff painted its cabs in a peculiar style to distinguish them from other cabs. Defendant painted his in the same manner, and used plaintiff's trademark, slightly changed. Held, injunction rightly granted; that defendant had attempted to imitate the cabs of plaintiff to secure trade.

Weinstock & Co. v. Marks.⁵⁴ "The store of plaintiff was known as 'Mechanics' Store,' and established a wide and honorable reputation as a fair and reliable house with which to deal. He had erected a building of peculiar architecture, there being none like it in the city of Sacramento; and defendant thereupon erected a store building, immediately adjoining that of plaintiff, in every respect of similar architecture. He refrained from placing any sign in or upon the building indicating the proprietorship of the business, or designating it in any way so that it might be distinguished from the store of plaintiff. Many of plaintiff's customers were deceived into purchasing goods in defendant's store; and defendant thus

⁵³ 15 W. N. Cases, 152-1884.

⁵⁴ 109 Cal. 529; 30 L. R. A. 182.

diverted from the plaintiff much of its trade. The court said: "The defendant had the right to erect his building, and erect it in any style of architecture his fancy might dictate. He had the right to erect it in the particular locality where it was erected. He had a right there to conduct a business similar to plaintiff's. He had a right to do all these things, for, of themselves, they did not offend against equity, but when they were done with a fraudulent intent, with the purpose of tolling away plaintiff's customers by a deception, a fraud is practiced, and equity will do what it can to right the wrong. The decision of the trial court in effect ordered defendant to place signs both inside and outside his building, showing to the world the proprietorship thereof. We think this decree holds defendant to a rule too strict, in that it requires the proprietorship of the store to be shown. In this particular we think the decree should be modified so as to require that the defendant, in the conduct of this business, shall distinguish his place of business from that in which the plaintiff is carrying on its business, in some mode or form that shall be a sufficient indication to the public that it is a different place of business from that of the plaintiff."

§ 169. **Labels.**—To discuss these cases as to dress, and especially those relating to labels, in the abstract is very difficult. A court when passing on such a case, has before it, in most instances, one of each of the articles in question. Description is inadequate to convey an exact idea of what information the court obtains from an examination of these objects. The question is, what will be the court's opinion of the similarity in the general effect of the two labels, when it compares them? ⁵⁵

To classify this sort of cases is hardly possible; to deduce from them any general rules is equally difficult. To use the words of the Sixth Circuit Court of Appeals: "The sharp competition in business of recent years has brought about a great increase in suits of this character, and the decisions therein have rapidly multiplied. It would be a difficult task

⁵⁵ *Wirtz v. Eagle Bottling Co.*, 50 N. J. Eq. 164-1892; 24 Atl. 658.

to harmonize them upon the principles which all of them recognize. This is because of such an infinite variety in the facts and circumstances with which the courts have had to deal,— a variety perhaps not surpassed in the field of any other department of judicial labor. The decisions, however, do undoubtedly help to sharpen the judgment, and often shed a line of light which leads one to a just conclusion. Each case depends upon its own facts and circumstances, and must be decided upon the application thereto of settled principles which have received no substantial modification in recent years ”⁵⁸ (p. 360).

§ 170. Labels not Registered or Copyrighted are Protected.— In England, many labels are never registered under the Merchandise Marks Acts, because of the requirements of the patent office; and while a larger proportion are registered here, there are many American labels which are protected only by the rules of unfair competition. It is very important, therefore, that the rules of law as to what is a passing off of one label for another be definitely fixed, that those who use them may know the extent of the protection which the law gives them when their labels are not registered, for it seems that there is a prevailing idea that unless such registration is effected, the label is practically common property. This is very far from the truth. It is just as unfair to copy an unregistered label if a fraud is likely to result as to copy one that is registered.

§ 171. Features of an Action as to a Label.—Where the case involves the unfair copying of a label, it must first be decided as to what the plaintiff's right in the label is. We have considered here only such labels as are not copyrighted. The purpose of a person who will stoop to simulate an existing label is to confuse his goods with some brand which is more widely known than his own. His aim is to construct a label, which, when closely compared with existing ones, will show differences, but which will be so similar to others, that buyers will not detect them in purchasing. The decision as to whether his act is fraudulent must, to a large extent, be de-

⁵⁸ *Proctor & Gamble Co. v. Globe Refining Co.*, 92 Fed. 357-60-1899.

terminated by the evidence of the labels themselves, as placed before the court. They are the best evidence. No opinion of anyone, expert or layman, can help the court to say one is or is not similar to another. If the court finds it difficult to see how one could be so close a copy of the other, and not cause confusion to the purchasers buying such an article under the usual conditions accompanying its sale, it will usually issue an injunction, certainly an order directing a more distinctive label be used by defendant.

§ 172. Kinds of Labels.—Mr. Cutler⁵⁷ divides labels into two sorts, (1) those “in which the most prominent or salient feature is some device which may or may not be a registered trade-mark, or some catch-word or catch-words which the owner claims as his trade name;” and (2) those in which the prominent or salient feature “is the general appearance, or as it is called, the ‘get-up’ of the label.” In the first class, no doubt, Mr. Cutler would include those labels in which the name is the important feature.

§ 173. Classification of Label Cases.—As has been noted, it is impracticable, if not impossible, to classify label cases satisfactorily, on a basis of principles of law, for the principles are the same in all cases. The difficulty is in applying them to various conditions. Consequently, the cases which are deemed important as showing such application of law to fact, are given in the following pages, without comment usually, but roughly classified as follows:

I. Cases in which the name is the principal feature of the label.

II. Cases involving labels in which the salient feature is some device or catch-word, which is copied or simulated.

III. Cases in which there is no salient feature, but the whole get-up, including the name, is unfair.

IV. Cases involving general resemblance and also a likeness in the names used which does not, however, constitute unfair competition.

⁵⁷ *Passing Off*, London, 1904, pp. 23-24.

V. Cases involving no similarity in name, but a resemblance in general appearance amounting to unfair competition.

VI. Cases not involving a name, in which the general likeness in get-up is not close enough to be unfair.

I. Simulation of Labels in Which a Name is the Principal Feature.—The cases here mentioned are in many instances the same in character as those cited in the the chapter on "Names of Articles of Merchandise," under the heading of "Idem Sonans." There are also many instances in the Reports of imitation of names, not with the purpose of making the sound the same, but of creating such likeness as will catch the eye. The principles are the same in both instances. Many cases involving names of this sort are found in the chapters on "Miscellaneous Business Names," "Family Names," "Corporate Names," "Geographical or Place Names," "Names of Articles of Merchandise," "Similarity." In a note below are given cases illustrating this distinction.⁵⁸

⁵⁸ See chapter on Names of Articles of Merchandise, title *Idem Sonans*. *Royal Baking Powder Co. v. Davis*, 26 Fed. 293-1885 (C. C. E. D. Mich.). The words "Coral Baking Powder" have been held to be in themselves no infringement of "Royal Baking Powder," yet their use in connection with labels bearing a general resemblance to those of the Royal Co. in colors, ornamentation and otherwise, was enjoined. *Sawyer v. Kellogg*, 7 Fed. 720-1881 (C. C. N. J.). Complainant's bottles of bluing bore a blue label, containing in several compartments, inscriptions in silver bronze letters, one of which was the name of the article, "Sawyer's Crystal Blue and Safety Box." Defendant on the order of parties for whom he made bluing, used a label of the same size, color and type, divided into compartments corresponding to those on

complainant's label, one of which contained the name of the article, "Sawin's Soluble Blue and Pepper Box." *Held*, that complainant was entitled to an injunction against the use of this label, and to an accounting of profits in order to ascertain damages. *Clark v. Clark*, 25 Barb. 76-1857. Plaintiff manufactured thread at Glasgow, and used as a trade-mark four concentric circles, of different colors, containing in the inner circle the number of the cotton, in the next, "J. Clark, Jr., & Co., Mile End, Glasgow," in the next "Six cord cabled thread warr'd 200 yards," and in the outer circle "Sole agent, Wm. Whiteright, New York." Defendant, the New York agent of J. & J. Clark & Co., manufacturers of similar thread at Paisley, used a mark closely resembling plaintiff's in appearance, there being four concentric circles of the same size and same

II. Cases Involving Labels in Which the Salient Feature is a Device or Catch-Word which is Copied or Simulated.—He who claims a label must establish to the court's satisfaction, that the public has associated with the distinctive or salient features of his label the brand of goods he puts on the market under that label. Until he does that, he has no ground for claiming the right to restrain another person from using the device, or mark, or name which appears on his label. If the feature relied on be a device or symbol, even the names used may be entirely different and it still be shown that there is a distinct connection between this device, which both parties are using, and the plaintiff's goods. So, also, where the name is the distinctive feature, the get-up otherwise may be very different. In *Powell v. Birmingham Vinegar Brewery Co.* (*supra*), the two labels were entirely different except that both bore prominently the words "Yorkshire Relish."

This salient feature need not be exactly copied; it may be

colors, and the details of arrangement being the same. The inner circle had the same number, the next the words "Clark & Co., Seed Hill, Paisley," the third "Six Cord Cabled thread warr'd 200 yards," and the outer circle "Sole agent, George Clark, New York." This showed an intention to imitate and a probability of deception and the defendant was required to substitute for "Clark & Co." the firm name "J. & J. Clark & Co." and to change the order of colors and the style of lettering and figuring. *Conrad v. Uhrig Brewing Co.*, 8 Mo. App. 277-1880. Conrad, a brewer, for two years prior to this suit, caused beer to be made for him by a process called the "Budweiser Process." Budweis is a small Bohemian city where good beer is made. Conrad placed upon this beer, a label in the shape of a necktie in the center of which were three C's with

barley and hop leaves, bearing these words: "We guarantee that this beer is brewed especially for our own trade, according to the Budweiser process, of the best Saazar hops and Bohemian barley, and warranted to keep in any climate. Take notice that all our corks are burned with our trade-mark, etc." After his beer had made a reputation for itself, defendant procured from the same engraver a label of the same size, shape and general appearance and having the same peculiar devices of a crown and wreaths. It bore three letter B's and the following words: "Caution! See that our corks are burned with our trade-mark. Beware of imitation. The world renowned Budweiser lager-beer." These labels were used for his beer, which was inferior to plaintiff's and cheaper. Injunction granted.

an approximation. In *Stephens v. Peel*,⁵⁹ plaintiffs and their predecessors had long sold ink known as "Stephens' Blue Black," and these words appeared prominently in large, white capitals on labels of peculiar pattern as to coloring and arrangement of words. Defendant then put on the market ink in bottles bearing labels on which appeared prominently in large, white capitals, "Steelpens Blue Black," and in which the coloring and arrangements of the other words and the devices on the label closely resembled plaintiff's. This was a colorable imitation, and an injunction was granted.

The National Biscuit Company attached to the ends of cartons a trade-mark, consisting of the words "In-er Seal," printed in white letters with a fanciful design on a vivid red label with clipped corners. Defendant began selling biscuits in packages of the same size and sometimes of similar color, shape and appearance, all having on the ends, in white letters on labels of the same shade of red, with clipped corners, the trade-mark "Factory Seal," with a fanciful design. The defendant was enjoined from using this trade-mark and label without a clearer differentiation of the same from complainant's.⁶⁰

A brewer used for his bottled beer a label with a conspicuous diagonal red band, bearing in white letters the name of the beer. Another brewer, in the same city, adopted a diagonal red label, the general effect of which resembled that of the former, and did not satisfactorily explain how he came to adopt this particular label. Injunction against him.⁶¹

Plaintiff made liquid bluing, marked as "Sawyer's Crystal Bluing." An employee of his began the manufacture of liquid bluing; his labels did not resemble complainant's and the name was quite different, but he used bottles of the same size and shape, with a bright metallic perforated cap closely resembling that on complainant's bottles. Injunction granted.⁶²

⁵⁹ 16 L. T. N. S. 145-1867.

⁶⁰ *Ohio Baking Co. v. National Biscuit Co.*, 127 Fed. 116-1904 (C. C. A. 6th Cir.).

⁶¹ *Anheuser-Busch Brew. Assn. v.*

Clarke, 26 Fed. 410-1886 (C. C. Md.).

⁶² *Sawyer Crystal Blue Co. v. Hubbard*, 32 Fed. 388-1887 (C. C. Mass.). See 7 Fed. 720.

III. Cases in Which There is no Salient Feature, but the Whole Get-up, Including the Name, is Unfair.—The largest class of cases under the head of labels is the second mentioned by Mr. Cutler, in which there is no one determining feature, and in which it is often hardly possible to single out particular characteristics which may be termed salient or conspicuous, but which show resemblance in many details, producing a similarity of general effect.

It has been seen in the chapter on "Intent" that an intent to deceive and defraud may be presumed from facts which seem to the court to show that the defendant's acts will cause loss of business to the plaintiff, or deceit of purchasers. Various authorities have held that such an intent may be presumed from facts showing that one article or its label or general get-up is an approximation of that of another.⁶³

Where a company has worked through years to build up a trade, and the public has become acquainted with its goods, it is entitled to demand protection against a copying of its general get-up. A purchaser is not bound to be painstaking in selecting his purchase. Although he has the opportunity of comparing the labels and wrappings of various articles, he is not bound to do so. If the commodity he desires costs very little he is still more likely to give little heed to what he gets and courts will take judicial notice of this fact. If there are but slight and minor differences between the article he knows from having used it before, and some competing article, so that he cannot easily distinguish them, he may be deceived and buy the article he did not intend to buy. Where the differences are less easily distinguished than the likenesses — where the ordinary purchaser would be more likely to believe the two articles were the same, than to believe they were different — it is a case of unfair competition. For instance, in *Sterling Remedy Company v. Gorey*,⁶⁴ the complainant sold octagonal cascara tablets marked "C. C. C.," and on the boxes were the words "Cascarets, Candy Cathartic," and other matter. Defendant's tablets were exactly

⁶³ *Devlin v. McLeod*, 135 Fed. 165-1904 (C. C. W. D. N. Y.).

⁶⁴ 110 Fed. 372-1901 (C. C. N. D. Ohio).

like complainant's, except for one letter, " G," and the boxes, which were of the same shape and nearly the same color, bore the word " Cascara " and (it seems) also the words " Candy Cathartic." There were, however, dissimilarities sufficient to make it easy, on comparing the boxes, to distinguish them. The resemblance was considered more observable to an ordinary purchaser than the differences and defendant was charged with unfair competition.

It often happens that the imitation of any particular detail, including the name of the offending article, could not have been interfered with, yet the imitation of several features, resulting in a similar general effect, has been considered unfair competition.⁶⁵

Sperry & Co. v. Percival Milling Co., 81 Cal. 252-1889; 22 Pac. 651. Plaintiff had for some time used "Germea" as a trade name or brand for a kind of meal used for mush. Defendant subsequently placed on the market a similar article marked "Golden Eagle Germ." It was put up in packages of the same size, shape, and color as plaintiff's and had attached labels of the same size and shape, the words and pictures on the labels being in many cases similar, of the same colors, and similarly arranged. The differences consisted in the trade name, the name of the proprietor and in certain minor details. Plaintiff *held* entitled to injunction. *Rains & Sons v. White, Haucke & Co.*, 107 Ky. 114-1899; 52 S. W. 970. In 1889 plaintiff put out a tobacco in 12-pound boxes, 156 twists to the box or 13 twists to the pound, and it soon acquired a reputation under the name "Rainbow Twist." Defendant began in 1893 to put tobacco in same 12-pound boxes, 13 twists to the pound, 156 twists to the box. They used same wreaths as the plaintiff on their label, because the printer had them on hand, and marked the label "The Best Twist," etc. The general arrangement of the words was similar on both labels, " * * * so that, when the appellees had gotten a box of twist tobacco on the shelf of the retail dealer the result was that they had duplicated the 'Rainbow Twist' of their rivals in all respects except as to the words on the label. Even the arrangement, size and style of the printing were the same; the departure from the appellant's brand consisting solely in substituting the word 'Best' for the word 'Rainbow,' and the words 'White, Haucke & Co.,' for the words 'J. H. Rains & Sons.' The result was confusing on the market, and purchasers who wanted 'Rainbow Twist' were given the 'Best Twist' to the pecuniary disadvantage of the appellants and the annoyance of the deceived tobacco chewer" (id. p. 116). *Held*, unfair competition. *Parlett v. Guggenheimer*, 67 Md. 542-1887; 10 Atl. 81. Plaintiffs sold tobacco marked and known as "Golden Crown"

⁶⁵ *Fischer v. Blank*, 138 N. Y. 244-1893; 33 N. E. 1040.

and further distinguished by four tin tags of a special description. Defendants sold tobacco marked "Golden Chain" in packages bearing similar tin tags and resembling plaintiffs' in dress and appearance. Plaintiffs were held entitled to an injunction and accounting. It was set up in defense that plaintiffs had no right to use the words "Golden Crown," as they had long been used as a trade-mark by one Palmer. It appeared, however, that Palmer had, in a Pennsylvania court, been refused protection for the trade-mark claimed by him, on the ground that he falsely represented his goods to be made in Havana. *Held*, that the defense was unavailing. *Centaur Co. v. Link*, 62 N. J. Eq. 147-1901; 49 Atl. 828. The resemblance in dress is thus described in the opinion: "The compound of the Link Drug Company is put up in two-ounce paneled bottles, so nearly similar in size and appearance with those of complainant's as to present no substantial difference. The word 'Castoria' is printed in similar and conspicuous type, the only difference being the first and last letters,—a difference not calculated to attract attention—and in the fact that the name upon complainant's bottle is slightly curved, and in the defendant's bottle straight—this also being a difference which would not arouse the attention of an unsuspecting purchaser. Upon both is the formula of Dr. Pitcher. Over the complainant's formula are the words 'Receipt of old Dr. Pitcher,' in small type, and over the formula of the Link Drug Company bottles 'Formula of Old Dr. Pitcher,' in large letters. The remainder of the printed matter differs in form and somewhat in substance, and upon the defendant's label is the picture of a bee-hive, with the word 'trade' upon one side of it and 'mark' upon the other. On the bottom of the complainant's label is the name of 'Charles H. Fletcher,' in small letters. Upon the label of the Link company, in large letters, are the words 'C. W. Link Drug Co.' The label of the complainant is made of slightly tinted white paper, and that of the Link Drug Company of white paper; but unless placed together, the difference in color is not perceptible" (id. p. 150). Injunction granted. *Taendsticksfabriks Aktiebolaget Vulcan v. Myers*, 139 N. Y. 364-1893; 34 N. E. 904. A Swedish corporation made matches which it put up in boxes bearing the trade-mark "The Vulcan," in red letters over a globe, on each side of which were representations of various medals. The labels also bore the words "Damp Proof," "Trade Mark," and "Paraffin Matches." A competitor later began to put up matches in boxes of the same size having the same general appearance, with a label bearing in red letters of the same style the word "Vulture," a picture of a vulture with outspread wings and a *facsimile* of the medals of the Swedish company; also the words "Damp Proof," "Trade Mark" and "Paraffin Matches" arranged in the same way as upon the plaintiff's boxes. The court said: "The similarity between the names employed and the devices used; the identity of the medals represented and the correspondence of size, color and general appearance, when combined upon the wrapper of a box, are so close and striking that an intending purchaser of the plaintiff's goods would be likely to be imposed upon if the matches sold by defendant in these packages should be offered. While competition is essential

to the life of commerce and is the consumer's main defense against extortion, it should be fair and honest, and the manufacturer who produces an article of recognized excellence in the market, and stamps it with the insignia of his industry, integrity and skill, makes his trade-mark a part of his capital in business, and thus acquires a property right in it, which a court of equity will protect against all forms of commercial piracy" (id. p. 367). *Oppermann v. Waterman*, 94 Wis. 583-1896; 69 N. W. 569. Defendant's packages of dyes closely resembled plaintiff's in size, shape and general appearance; defendant's labels were similar to the peculiar labels used by plaintiff, in the colors of the ink and arrangement of printed matter. Plaintiff's dyes were known as "German Household Dyes," and defendants called theirs "Excellent German Household Dyes." *Held*, unfair competition. *Bickmore Gall Cure Co. v. Karns*, 134 Fed. 833-1905 (C. C. A. 3d Cir.). The principal features of resemblance were the use of the two phrases "Be sure to work the horse" and "Always work the horse while using the cure;" the use of two pictures, one of a single working horse, the other of four working horses; the use of boxes substantially the same size and of exactly the same shape, both being of yellow or yellowish color. "The true question is not whether the boxes, circulars, advertisements and directions of the appellees are, in their details, the same, or nearly the same, as those of the appellant, but whether the general effect produced by those of the appellees is such as would be likely to lead ordinary purchasers to accept their gall cure as being that of the appellant" (id. p. 835). It should be noted that the earlier trader's medicine had come to be popularly known as the "Work the Horse" Cure. In *Devlin v. McLeod*, 135 Fed. 164-1904 [C. C. W. D. N. Y.] it was said that while the words "Toothache Gum" are not subject to exclusive appropriation as a trade-mark, yet their use by defendant in connection with the use of labels in many ways similar to those of complainant, and of packages of about the same size, called for injunctive relief. *Kostering v. Seattle Brewing & Malting Co.*, 116 Fed. 620-1902 (C. C. A. 9th Cir.). Complainant sold beer called "Rainier Beer," with a label of peculiar coloring and design. Defendant sold "Rhinegold Beer," in bottles of the same color and shape, and with a label of the same size, the same peculiar coloring, and similar in arrangement and in most of its features, the differences being mainly in the words and the landscape views. This was unfair.

Enoch Morgan's Sons Co. v. Whittier-Coburn Co., 118 Fed. 657-1902 (C. C. N. D. Cal.). Complainant and its predecessor had long manufactured a soap under the trade-mark and name "Sapolio," and had put it up in a peculiar style of package. Defendant had been the agent of complainant, and after the termination of its agency began to sell soap of the same size and shape as complainant's, and marked "W. C. Co.'s Sapho," whereas complainant's was marked "E. Morgan's Sons N. Y., Sapolio." There was considerable resemblance as to color and general appearance between defendants' wrapper and label and complainant's. *Held*, unfair competition. *Moxie Nerve Food Co. v. Baumbach*, 32 Fed. 205-1887 (C. C. E. D. Tex.). Complainant used a trade-mark consisting of the word

"Moxie," with a label bearing a certain design and other descriptive words. He sold a beverage known as "Moxie Nerve Food," put up in a champagne bottle with a light-brown wrapper. Defendant afterward began to sell a beverage of similar appearance and taste, put up in a champagne bottle, with a label and wrapper sufficiently resembling complainant's to deceive the unwary purchaser. This bottle was marked "Standard Nerve Food." Injunction issued. *Jennings v. Johnson*, 37 Fed. 364-1888 (C. C. Me.). Plaintiff and his predecessors had long sold "Johnson's Anodyne Liniment" in bottles with blue wrappers and labels bearing a *facsimile* of the name "A. Johnson." Defendant then put on the market what he also called "Johnson's Anodyne Liniment," in bottles of the same size, with a similar blue wrapper and a label of similar appearance, though of slightly differing color, with a *facsimile* of the name "F. E. Johnson." There was proof of actual deception. Injunction granted. *Myers v. Theller*, 38 Fed. 607-1889 (C. C. S. D. N. Y.). Complainants made and sold, in bottles of peculiar shape "Hostetter's Stomach Bitters." The label bore a representation of St. George and the dragon, a black shield, the words "Hostetter's Celebrated Stomach Bitters," and some additional matter. Defendants put upon the market an article of their own, in bottles of the same color and peculiar shape as complainant's, and bottles with the words "Theller's Celebrated Stomach Bitters," a monogram of the letters "A. T." in place of St. George and the dragon, and a black shield resembling that on complainant's. Otherwise there were resemblance and also points of difference between the labels. *Held*, unfair competition. *Klotz v. Hecht*, 73 Fed. 822-1896 (C. C. S. D. N. Y.). Complainant was the successor of a famous Parisian manufacturer of toilet articles, and continued the business under the old trade-names "Ed. Pinaud" and "Parfumerie Ed. Pinaud." Defendant, who had been employed by complainant, then began to sell similar goods, which although made in the United States, bore labels in French, and were so put up as to give the impression that the goods were French. One label indicated that the contents were prepared by "M. Hecht, lately with" (those words being in French) "Parfumerie Ed. Pinaud, Paris." There was also blown into the glass a design resembling one blown into complainant's bottles. An injunction was granted. *C. F. Simmons Medicine Co. v. Simmons*, 81 Fed. 163-1897 (C. C. Ark.). Defendant made and sold a medicine under a name similar to that of complainant's medicine, including the name of his father, the inventor, who had transferred all rights in the medicine to the predecessor of complainant. Defendant advertised himself as the son of the inventor, and as having been brought up in his laboratory. His packages resembled complainant's in various ways, such as the portrait, autograph signature, arrangement of words, and directions for using. The medicine was used largely by ignorant and illiterate persons. *Held*, unfair competition. *Franck v. Frank Chicory Co.*, 95 Fed. 818-1899 (C. C. E. D. Wis.). Complainants were the American branch of a German firm that had long made and sold chicory as a substitute for coffee. Their product, put up in red packages of cylindrical shape, was somewhat popular in the

vicinity of Milwaukee. Defendant's company was afterward organized and made and sold, in the neighborhood of Milwaukee, a similar product, put up in packages of similar shape and color, with labels of similar design, bearing the name "Frank Chicory Co." The name Frank was afterward withdrawn. *Held*, unfair competition. Injunction granted against the use of the same color as well as against the use of a similar label and the name "Frank." *Liebig's Extract of Meat Co., Ltd. v. Libby, McNeill & Libby*, 103 Fed. 87-1900 (C. C. N. D. Ill.). The complainant had possessed a trade in its product for more than thirty years, and for many years its trade had been of great extent, aided by large expenditures for advertising. The defendant entered the market with an extract well distinguished in the marking and color of the package, but subsequently adopted a dress for its goods which clearly simulated that of the complainant, and was calculated to deceive. It assumed the fictitious title of "Liebig Fluid Beef Co." with a label stamped in blue "J. Walker," and the color and general appearances of the packages closely resembling that of complainant. *Held*, that taking all the circumstances, it was evident that deception was both intended and liable to arise in palming off the goods upon ultimate purchasers as those of the complainant.

IV. Cases Involving a General Resemblance and also a Likeness in the Names Used in Which Relief was Denied.

Proctor & Gamble Co. v. Globe Refining Co., 92 Fed. 357-1899 (C. C. A. 6th Cir.). Complainant manufactured soap which it sold in packages having a yellow wrapper, on one side of which was printed in black letters the words "Every Day Soap," together with the name and location of the maker. There was also a small circular figure containing a representation of a moon and stars on a black ground. Defendant put up its soap in packages of similar size and shape, having a yellow wrapper, on one face of which was a black ground containing only the words "Everybody's Soap" in letters formed by the yellow paper of the wrapper showing through the black field of the label. The print and figures displayed on the sides and back of the wrapper bore no resemblance to anything on complainant's, and the name and location of the maker were conspicuously shown on one side of the package. This statement of the case is taken from the head-note. *Held*, that an order refusing complainant a preliminary injunction would not be disturbed. *Postum Cereal Co., Ltd. v. American Health Food Co.*, 119 Fed. 848-1902; 56 C. C. A. 360 (C. C. A. 7th Cir.). Complainant's cereal product was put up in a package with a yellow label containing general printed matter, the conspicuous words being "Grape-nuts," the trade-mark or trade-name printed on a horizontal black or dark-blue band, in yellow letters. Defendant's cereal was put up in a package of the same size and shape, with a label of the same size of a slightly lighter shade of yellow. There was a good deal of difference in the printed matter, and the prominent words were "Grain-Hearts," printed in white letters on a blue band running obliquely

across a large red heart, a feature which corresponded to nothing in complainant's label. The size of package and the color of label were both in common use for cereals or breakfast foods. There was no proof of actual deception. *Held*, no infringement of trade-mark nor unfair competition. *Gessler v. Grieb*, 80 Wis. 21-1891; 48 N. W. 1098. Plaintiff sold medicine in boxes labeled "Gessler's Magic Headache Wafers," with directions for use, etc., and the manufacturer's name and address. Defendant sold medicine in similar boxes, wrapped, however, in paper of a different color, and labeled "Brown's Alpha Headache Wafers," with similar directions, and a different name and address as those of the manufacturer. *Held*, no infringement, and no grounds for injunction. *Solis Cigar Co. v. Poso*, 16 Colo. 388-1891; 26 Pac. 550. Parties were both makers of cigars at Denver. Their labels contained several words and designs often used on such labels, such as the picture of a tobacco plant, and the words "Fabrica Tobacos" and "Habana." The name or brand on complainant's label was "El Cabio," while the name on defendant's label (adopted subsequently to complainant's) was "El Cavio." The type on the two labels, however, and the details in the pictures were quite dissimilar, and the name of the manufacturer was printed conspicuously after the name of the brand, "De R. Solis" on one label, and "De Pozo and Suarez" on the other. No actual deception of purchasers was shown. *Held*, no infringement. In *Packham & Co., Ltd. v. Sturgess & Co.*, 15 R. P. C. 669-1898, the get-up of the goods was held not to be sufficiently close to make deception probable (in spite of the identity of name, the goods of each party being called "Sparkling Lime Wine").

V. Cases Involving no Similarity in Names, but a Resemblance in General Appearance Amounting to Unfair Competition.—Cases of this sort have long been held to be unfair. As early as 1849 it was held, that sale of "Ohio Liniment" in bottles and with labels very similar to those used to market "Chinese Liniment" was not proper.⁶⁶

The presence of a name on a label, even when showing distinctly, will not excuse or justify a similarity of get-up in other respects. This fact may sometimes increase the liability to injury, for people familiar in a general way with the plaintiff's device as marking its particular brand, and subsequently seeing a similar label on similar goods, but bearing defendant's name, might readily forget plaintiff's name, and infer that defendant was the manufacturer of the goods associated in their minds with that kind of a seal, and so be led to order from him

⁶⁶ *Coffeen v. Brunton*, 4 McLean 516-1849; Fed. Cas. 2946.

under the impression that he manufactured the brand which was in fact made by the plaintiff.⁶⁷

N. K. Fairbank Co. v. R. W. Bell Mfg. Co., 77 Fed. 869-1896. Complainant manufactured soap powder of a yellow color and devised a distinctive yellow package, bearing the words "Gold Dust" and "Washing Powder," together with the makers' name and numerous indicia and directions upon the various panels. After complainant had advertised and sold the powder for two or three years, defendant company began manufacturing a yellow washing powder, which it styled "Buffalo Powder," put up in packages of the same size as complainant's, using a yellow wrapper, but making numerous changes in its indicia, all of which constituted an approach to those used by complainant. *Held*, that notwithstanding that the word "Buffalo," together with the defendant's name on the package, was distinctive, there was a simulation of complainant's package which entitled complainant to an injunction restraining the sale of that particular form of package, "or any other form which should, by reason of the collocation of size, shape, coloring, lettering, spacing and ornamentation, present a general appearance as closely resembling complainant's packages as the one complained of; but that a clause should be added to the effect that the injunction should not be construed as preventing the sale of packages of the size, weight, shape, or color of complainant's packages provided that they were so differentiated in general appearance as not to be calculated to deceive the ordinary purchaser" (from head-note). Even though the court is satisfied that a new form of package was devised by defendant, with an intent to simulate complainant's package, the continued use of such package will not be enjoined unless the similarity is of a character to convey a false impression to the public mind, and to mislead and deceive an ordinary purchaser exercising ordinary care, but in applying the test of likelihood of deception of an ordinary purchaser exercising ordinary care regard must be had to the class of persons who purchase the particular article for consumption, and to the circumstances ordinarily attending their purchase. Defendant's packages of soap powder were of the same size and form as plaintiff's, and wrapped in paper of the same color, the labels also were similar in their combination of colors and arrangement and appearance of printed matter. Actual deception was shown. *Held*, unfair competition. *Hildreth v. McDonald Co.*, 164 Mass. 16-1895; 41 N. E. 56. Plaintiff made molasses candy in pieces of a certain size and wrapped them in papers with twisted ends and printed the word "Velvet" in red script upon the middle and ends of the wrappers. Others had used the same method of wrapping candy, but had not used the word "Velvet." The defendant used the same combination of size and shape of candy and the same kind and size of paper and manner of wrapping, all of which it was held it had a right to do. But it also printed the

⁶⁷ *Moxley v. Braun*, 93 Ill. App. 189-1900.

word "McDonald" upon its wrappers, but in Roman letters instead of script and upon the middle of the wrappers only (not on the ends). The court enjoined the printing of the red letters upon its wrappers by defendants, considering that this, in connection with the other resemblances, tended to deceive the public. *McCann v. Anthony*, 21 Mo. App. 83-1886. The plaintiff for a long time had made "Old Coon Smoking Tobacco," and for years the defendant had made "Old Bachelor Smoking Tobacco." In 1883 the plaintiff began to put up "Old Coon" in cloth bags, having formerly used paper bags. In the fall of the same year defendant began putting up "Old Bachelor" in cloth bags of the same size, and at the same time changed his label, which before had not been at all like the labels of the plaintiff, to a label similar to plaintiff's in form, size and color. On the plaintiff protesting against this defendant added to his label the words "Not Old Coon." Two witnesses testified that they had been deceived by defendant's label. The court here says: "The governing principle is that one manufacturer shall not be allowed to impose his goods upon the public as the goods of another manufacturer and so derive a profit from the reputation of the other. It is not necessary that the trade-mark, trade name, sign, label, or other device which is employed by one merchant for that purpose shall be an exact imitation or counterfeit of the trade-mark, trade name, sign, label, or other device employed by the other manufacturer. Nor is it required that the imitation be so close as to deceive cautious and prudent persons; it is sufficient that it be so close as to deceive the incautious and unwary, and thereby work substantial injury to the other manufacturer" (id. p. 89). *Held*, that the use of the words "Not Old Coon" did not sufficiently differentiate, in view of the close similarity in general appearance. *County Chemical Co. v. Frankenburg*, 21 R. P. C. 722-1904. Plaintiff, in January, 1902, began to sell in a green oblong box repair kits for pneumatic tires. The boxes bore a label covering nearly whole of top of lid, had background of gold with slight green dots, and words "Chemico Repair Outfit, complete with the best materials for the repairs of Pneumatic Tyres." In October, 1902, defendant got from the maker of plaintiff's labels samples of boxes for repair outfits, among which was plaintiff's, and then ordered a large quantity to be "Exactly like plaintiff's in color and style of printing," and used "Triumph" instead of "Chemico" as a name, and instead of words "The County Chemical Company Ltd., Excelsior Works, Birmingham," defendant ordered that his box should bear words "manufactured in Birmingham." The output was inferior to plaintiff's. In July, 1903, plaintiff discovered the operations of defendant and began suit in January, 1904. *Held*, that plaintiff was entitled to an injunction, but not to an order for the destruction of defendant's boxes and their delivery to him, in view of his laches in delaying six months. "From July to December they slept on their rights."

VI. Cases not Involving a Name, in Which the General Likeness in Get-up is not Close Enough to be Unfair.

Philadelphia Novelty Mfg. Co. v. Rouss, 40 Fed. 585-1889 (C. C. S. D. N. Y.). The resemblance between defendant's package and complainant's consisted in similarity of color of boxes and wrappers, and in the labels being white with a woman's head in the center. There were marked differences in the size or weight of the packages, the words on the labels and otherwise. *Held*, no deceptive simulation. *Continental Tobacco Co. v. Larus & Brothers Co.*, 133 Fed. 727-1904 (C. C. A. 4th Cir.). Defendant's plug tobacco was put up in a way somewhat similar to complainant's, including the use of a tag of similar size and color, though the printed matter on the tag was entirely different. The method of putting up the tobacco, however, was largely the same as that followed by the trade in general, and not peculiar to the parties. *Held*, that no unfair competition was shown. *Heinz v. Lutz Bros.*, 146 Pa. St. 592-1891; 23 Atl. 314. Suit to enjoin defendant from using on fruit preserves and similar goods a label alleged to resemble plaintiff's sufficiently to mislead the public. The words on the labels were wholly different, but there was some similarity in the colors and arrangement of the fruits depicted. *Held*, that defendant's label was not likely to deceive a purchaser of ordinary intelligence. Injunction denied. In such a case the possibility of deception is not enough; it must appear probable that persons of ordinary intelligence using ordinary care would be deceived, and the fact that after the lapse of considerable time no one appears actually to have been deceived is strong evidence that there is no probability of deception. *Radam v. Capital Microbe Destroyer Co.*, 81 Tex. 122-1891; 16 S. W. 990. The use by defendant, in selling a patent medicine, of jugs similar in size and color, with some similarity, but other marked points of difference in the labels, *held*, not to amount to unfair competition. The resemblance must be sufficient to deceive a purchaser of ordinary care. *King & Co., Ltd. v. Gillard & Co., Ltd.*, 22 R. P. C. 327-1905; affirming 21 R. P. C. 589. Plaintiff had long made and sold certain preparations of dried materials for soups. Defendant began to make and sell similar preparations, put up in packets and boxes of similar forms and sizes, and with labels somewhat resembling plaintiff's in design and appearance, but in different colors and with the defendant's name "Gillard's" in place of "Edwards'," the name used by plaintiff. *Held*, that the resemblance was not sufficiently close to amount to fraudulent or deceptive simulation. *Schweppes, Ltd. v. Gibbens*, 22 R. P. C. 601-1905. Plaintiff sold soda water in bottles with a neck label of chocolate color and white border, with a red medallion in the center. The label bore the maker's name. Defendant afterward began to sell soda water in bottles bearing a label of similar color and border, and with a red medallion in the center, the words, however, being different, giving defendant's name conspicuously, and the red medallion bearing her trade-mark, the figure of a man, instead of the fountain trade-mark printed on the medallion

of plaintiff's label. Defendant only used one label on her bottles, while plaintiff used two, and there was some difference in size and shape of bottles. *Held*, that defendant's labels were not calculated to mislead.

Under the general head of imitation of dress, or general appearance, should also be placed a few cases involving miscellaneous features imitated that are somewhat *sui generis*, involving imitation in such particulars as the card for hooks and eyes, the flag of an auctioneer, the title of a popular song, the capsule of a bottle, etc. For instance in *De Long Hook & Eye Co. v. Excelsior Hook & Eye & Fastener Co.*, 139 Fed. 146-1905 (C. C. W. D. N. Y.), the cards to which defendant's hooks and eyes were attached closely resembled complainant's in size, color, spacing, manner of printing, and mode of attaching the eyes to the cards, but differed in the printed words. *Held*, a simulation amounting to unfair competition. See also this case on appeal, 144 Fed. 682.

CHAPTER XIII.

INTERFERENCE WITH A COMPETITOR'S CONTRACTS AND BUSINESS GENERALLY.

SECTION 174. Action at common law based only on injury to one's trade or business.

175. Malice.

176. Interference with business generally.

177. Interference with contracts by third person, enjoined.

178. Interference with contracts with servants.

179. *Lumley v. Gye* and later cases.

180. Causing breach of contracts for furnishing information.

181. Causing breach of passengers' contract with transportation companies.

182. Summary.

183. What constitutes interference with contract.

184. Ignorance of the existence of the contract is no defense against an injunction.

185. Procuring breach of contract not to re-enter business.

186. Position of the New York courts on this rule.

187. Conditional contracts—Inducing breach of manufacturer's contracts with retailers.

188. Inducing breach of contracts for sale of goods made by secret process.

189. What interference with contractual relations in general is legitimate.

190. Interference with a competitor's business generally.

191. Interference with salesman of a competitor.

192. Interference by false representations to customers.

193. Interference by bringing a multiplicity of suits.

It has long been a recognized principle of common law that the prevention and curbing of competition is an unlawful act. The restriction of the freedom of trade is considered to be against public policy, and injurious to general welfare.¹ During the past few years there has been a growing demand made on courts and legislatures that they take measures to limit the freedom of competition of the so-called trusts and also that they take other measures to give the small dealer larger

¹ *People v. Sheldon*, 139 N. Y. 251.

protection and freedom in competition. All these demands are made for the benefit of those who are not able to cope with the great powers of the commercial world that have come into existence under the law as it now exists. These demands are socialistic in their nature. Freedom of competition, under modern conditions,² seems to lead to monopoly,— the very evil which the common law sought to avoid. This condition has been reached, in part, by the application of the very rules laid down by the common law to prevent monopoly.

The discussion of these questions by the courts is to be found largely in cases dealing (a) with the right which it is claimed every man has to carry on his trade or calling without molestation or interruption,—cases dealing principally with rights of labor organizations as to boycott, strikes, lockouts, etc.; (b) with the right of persons under contract with each other as against one who intentionally causes a breach of that contract. Cases of this sort are not usually classed as unfair competition cases, but the principles involved in them go straight to the question of fairness and honesty in business competition. If the limits to the right of one merchant to interfere with, to block, harass, and injure the trade of a competitor are not defined clearly, it means that the freedom of use of capital in commercial enterprises will be hampered and restricted unnecessarily. If the business world is not certain of its rights as against those who intentionally and wrongfully procure the breaking of contracts for their own gain, public confidence in the binding force of contracts which is now none too strong will be weakened.

Here again the extension of the application of the writ of injunction is demanded and opposed by the contending forces, for by far the most effective weapon against him who interferes with business or sets out to effect a breaking of contracts to which he is not a party, is the quick relief that is afforded by this writ.

First, then, let us ask if at common law there existed a right of action on the complaint of one who had been or was being injured in his trade, business, or calling against the one

² *Mogul SS. Co. v. McGregor*, 23 December, 1906, "New Natural Q. B. D. 598. Atlantic Monthly, Forces and the Old Law."

causing the injury, simply because the injury was to his means of earning his livelihood.

§ 174. Action at Common Law Based Only on Injury to One's Trade or Business.—One of the earliest cases and one on the interpretation of which much of the discussion of this subject has turned, is *Keeble v. Hickeringill*,⁸ (an action upon the case) decided in 1707 by Sir John Holt, who is known to every lawyer through his decisions relating to bailments. The facts were these: Plaintiff owned a decoy pond and put upon it decoy-ducks, nets, etc., for taking fowl. “The defendant, knowing which and intending to damnify the plaintiff in his vivary and to fright and drive away the wild fowl used to resort thither, and deprive him of his profit, did * * * resort to the head of said pond and vivary, and did discharge six guns laden with gunpowder, and with the noise and stink of the gunpowder did drive away the wild fowl then being in the pond; and * * * the defendant, with design to damnify the plaintiff, * * * did place himself with a gun near the vivary and there did discharge the said gun several times that was then charged with the gunpowder against the said decoy pond, whereby the wild fowl were frightened away and did forsake the said pond.” Verdict for plaintiff.

Holt, J., held, that (1) “Making a decoy is lawful; (2) using ground for that purpose is profitable for plaintiff. As to the first, every man that hath a property may employ it for his pleasure and profit as for alluring and procuring decoy ducks to come to his pond. To learn the trade of seducing other ducks to come there in order to be taken is not prohibited either by the law of the land or the moral law. * * * When a man useth his art or his skill to take them, to sell and dispose of for his profit, this is his trade; and he that hinders another in his trade or livelihood is liable to an action for so hindering him. * * * Why otherwise are scandalous words spoken of a man in his profession actionable, when without his profession they are not so? Though they do not effect any damage, yet they are mischievous in themselves and therefore in their own nature productive of damage; and therefore an action lies against him. Such are all words that are spoken of

⁸ 11 East 574 note.

a man to disparage him in his trade that may bring damage to him. * * * How much more when the defendant doth an actual and real damage to another when he is in the very act of receiving profit by his employment. * * * Where a violent or malicious act is done to man's occupation, profession, or way of getting a livelihood, there an action lies in all cases. But if a man doth him damage by using the same employment, as if Mr. Hickeringill had set up another decoy on his own ground near the plaintiff's, and that had spoiled the custom of the plaintiff, no action would lie, because he had as much liberty to make and use a decoy as the plaintiff."

Whether or not this case is of sufficient authority to warrant saying that an action did exist at common law on account of injury to a man in his trade or calling, it must be admitted that to-day there is an increasing demand that the law furnish some remedy against wrongs which deprive a man of his trade and its profits, and which interfere with his business, where such acts are done unfairly. Freedom of competition, and freedom of the right to contract have ever been stoutly defended by the common law, and many courts have turned to the *Keeble* case as giving the foundation for allowing an action which modern conditions seem to render essential to the administration of justice.

This case was fully discussed in *Allen v. Flood*,⁴ by the House of Lords. Lord Davey there says (p. 173): "That, in every case where such an action has been allowed in England, there has been either violence or the threat of violence, obstruction of the highway or the access to the plaintiff's premises, nuisance, or other unlawful acts done to the damage of the plaintiff; and he continues to argue, as does Lord Herschell, that there can hardly be such an action because no instance of it is found, other than *Keeble v. Hickeringill*,⁵ *Carrington v. Taylor*,⁶ and *Ibbotson v. Peat*.⁷

Lord Watson takes up the illustrations used by Sir John Holt in that case, viz.: (1) Scaring children on way to school with guns to the loss of the pupils and schoolmaster; (2) obstruction of one taking a horse to market, to the loss of the owner;

⁴ App. Cas. 1-1898.

⁵ 11 East 574; Holt 14.

⁶ 11 East 571.

⁷ 3 H. & C. 644.

(3) frightening away tenants at will; (4) beating a servant; and says that, "apart from any question of motive all these cases involve the use of means in themselves illegal — obstruction, coercion by means of threats and personal assault.⁸ This observation, while based somewhat on assumption, does not seem to nullify the authority of the *Keeble* case *itself*, in which there was no illegal or violent act, and these conclusions are exactly contrary to those of Lord Halsbury.⁹

Lord Herschell contends that the fact that the plaintiff *traded* in ducks — made duck decoying his business — did not change the right of the defendant to shoot on his own land.¹⁰ He declines to entertain any distinction between an injury inflicted upon a man's trade and injuries of other sorts. He admits everyone has a right to pursue his trade or calling without molestation, but only as a part of the larger principle that all may do lawful acts without molestation. He considers the statement in the *Mogul Steamship Company* case, to the effect that "intentionally to do that which is calculated in the ordinary course of events to damage, and which does in fact damage another in that other person's property or trade is actionable, if done without just cause or excuse," is *dicta*, and too broad a statement. But in *South Wales Miners' Fed. v. Glamorgan Coal Co.*¹¹ Lord James cites this very passage as a foundation principle of law.

Lord Chancellor Halsbury sums up his view thus: "I have never heard that a man who was dismissed from his service by reason of some slander, could not maintain an action against the slanderer because the master had a legal right to discharge him."¹² Again he said (p. 78): "I do not think that the case of *Keeble v. Hickeringill*¹³ stands alone, though if it did, considering who decided it and that certainly in later years it has been much quoted and commented on and never until now, so far as I am aware,

⁸ *Allen v. Flood*, App. Cas. 1, 102-3-1898.

⁹ *Allen v. Flood*, App. Cas. 1, 70-1898.

¹⁰ *Allen v. Flood*, App. Cas. 133-1898.

¹¹ App. Cas. 239-1905, "The Stop Day Case."

¹² *Allen v. Flood*, App. Cas. 74-1898.

¹³ 11 East 574 note.

criticised or questioned, I should be quite content to rely upon the authority of so profound a lawyer as Sir John Holt, and such an expositor as he was of the spirit of freedom which runs through the English law." Lord Halsbury rests his decision in part on *Walker v. Cronin*,¹⁴ which decision is based on (1) Comyn Dig., where, under the title "Action upon the case," it is stated: "In all cases, where a man has a temporal loss, or damage by the wrong of another, he may have an action on the case to be repaired in damages;" and on (2) the following cases: *Keeble v. Hickeringill*,¹⁵ *Tarleton v. McGawley*,¹⁶ *Green v. Button*,¹⁷ *Gunter v. Astor*,¹⁸ *Hart v. Aldridge*,¹⁹ *Shepherd v. Wakeman*,²⁰ *Winsmore v. Greenbach*,²¹ *Lumley v. Gye*,²² and in part on *Benton v. Pratt*,²³ *Rice v. Manley*,²⁴ *Bixby v. Dunlap*,²⁵ *Angle v. Chicago, etc., Railway*.²⁶ The facts of most of these cases will be found in this volume.

A case very similar to the Keeble case has arisen in France. The plaintiff invited friends to his estate to shoot. A jealous neighbor ordered his servants to make a noise on his own land to frighten away the game from the plaintiff's land. He was made to pay damages to the plaintiff.^{26a}

We will now turn to the case of *Allen v. Flood*,²⁷ from which the foregoing opinions are taken, and which is probably the most exhaustive judicial discussion of this question. Briefly stated, that case was an action by a discharged workman against a delegate of a union to which he did *not* belong, on the ground that the delegate caused his employer to discharge him.²⁸ Twenty-one judges heard the case in all its stages. Thirteen, of whom three were Law Lords, held that the case presented a good cause of action. Eight, six of whom were Law

¹⁴ 107 Mass. 555.

¹⁵ 11 East 574 note.

¹⁶ 1 Peake N. P. C. 270.

¹⁷ 2 C. M. & R. 707.

¹⁸ 4 J. B. Moore 12-1819.

¹⁹ 1 Cowp. 54-1774.

²⁰ 1 Sid. 79.

²¹ Willes 577-1745.

²² 2 E. & B. 216.

²³ 2 Wend. (N. Y.) 385-1829.

²⁴ 66 N. Y. 82-1876.

²⁵ 56 N. H. 456; 22 Am. Rep. 475.

²⁶ 151 U. S. 1-1893.

^{26a} *Prince de Wagram v. Marais*
Cour de Paris, Dec. 2, 1871, Dalloz
2, 185.

²⁷ App. Cas. 1-1898.

²⁸ See on this case valuable article,
11 Har. L. Rev. 449.

Lords, denied the existence of an actionable wrong. Since it was decided, the House of Lords itself and other English courts have been astute to modify and explain it, so that its authority is now confined to narrow limits. Lord Halsbury, in *Quinn v. Leathem*,²⁹ says that "the hypothesis of fact upon which *Allen v. Flood* was decided by a majority in this House was that the defendant there neither uttered nor carried into effect any threat at all. He simply warned others against certain acts." Lord MacNaghten says in the same case, "an act which does not amount to a legal injury cannot be actionable because it is done with a bad intent. That, in my opinion, is the sum and substance of *Allen v. Flood*;"³⁰ and Lord Lindley says that the case also establishes the fact that Allen infringed no right of the plaintiffs, although he acted maliciously. The question was later considered by the House of Lords in 1901, when it held that a combination of two or more persons without excuse and without justification to injure a man in his trade by persuading or inducing his customers not to trade with him, or his servants or customers to break contracts made with him, or not to deal with him, or to leave his employ, is actionable, provided he suffers damages.³¹

In 1905 the House held that officers of a labor union who, without malice or ill will against the employers, caused the members of the union to stop work and break their contract with these employers, were liable, for their act was wrongful, in the absence of justification.³²

Whether an action existed at common law based solely on injury to a man in his trade or business, is doubtful, perhaps, but some jurisdictions, as will be seen, have definitely recognized that such a wrong is the basis of an action *now*, and practically all courts grant relief against acts which cause breach of contracts made by others.

The Trade Disputes Act of 1906 provides that an act done in contemplation or furtherance of a trade dispute shall not

²⁹ App. Cas. 495-506-1901.

³⁰ App. Cas. 1-1898.

³¹ *Quinn v. Leathem*, App. Cas. 495-1901.

³² *South Wales Miners' Fed. v. Glamorgan*, App. Cas. 239-1905.

be actionable as an interference with contract or with the trade or business of another. Speaking of this act, "The Solicitors' Journal" ^{32a} says, p. 156: "For general purposes, however, the law as to the liability of a third party for inducing a breach of contract remains untouched, and with the growth of modern restrictions on business, it is probable that the courts will have abundant opportunity of applying it." Mr. J. B. Ames states his view of the rule to be: "The wilful causing of damage to another by a positive act, whether by one man alone, or by several acting in concert, whether by direct action against him or indirectly by inducing a third person to exercise a lawful right, is a tort, unless there was a just cause for inflicting the damage, and the question whether there was or was not just cause will depend in many cases, but not in all, upon the motive of the actor." ^{32b}

§ 175. **Malice.**—In *Allen v. Flood*³³ much space is devoted to a consideration of the meaning of the term malice, as defining the intent to injure, which the defendant has when he commits acts which result in injury to the plaintiff's trade, profession, or business; and it is advisable to pause here to consider this question, as the American cases, in most instances, use the term in defining the action against injury of this sort.

*Keeble v. Hickeringill*³⁴ is usually considered as authority for two propositions: (a) that intentional injury to a man's business or trade is actionable; (b) that malice or intent to injure will under certain circumstances cause an act, otherwise legal, to become illegal. So long as *Hickeringill* shot his gun on his own land, *in good faith*, no action arose against him. Does the fact that he did this shooting with intent to damnify the plaintiff in his business, create an action where none would exist had the intent to injure not been shown?

Malice does not always create a cause of action. It may cause a man to set up a rival business next door to his enemy, but so long as he pursues that business, using only fair

^{32a} London, January 4, 1908. See also Cohen's "Trade Union Law," Lond. 1907.

^{32b} 18 Harvard Law Rev. p. 412.

³³ App. Cas. 1-1898.

³⁴ 11 East 574 note. See digest of case, § 174.

methods, although with all possible malice, no action arises. A person may stop the percolation of water from his land, when his evident purpose is to impair a city's water supply and force a sale of land, yet no action arises.³⁵ But any invasion of the civil rights of another person is in itself a legal wrong. Whether the motive be good or bad does not alter this principle. Lord Watson says, in *Allen v. Flood*,³⁶ that "the existence of a bad motive in the case of an act which is not in itself illegal, will not convert that act into a civil wrong for which reparation is due. A wrongful act done knowingly and with a view to its injurious consequences may, in the sense of law, be malicious, but such malice derives its essential character from the circumstance that the act done constitutes a violation of the law."

In other words, according to Lord Watson, no amount of malice will make an otherwise unactionable act, actionable; the act which is done with malice must be illegal in itself. Would this not eliminate the question of malice and leave the question thus: Is it actionable to injure another in his business regardless of malice? which seems begging the question. Is it true that "malice derives its essential character from the circumstance that the act done constitutes a violation of law?" Rather, may not the malice often arise in the defendant's mind because of something totally unconnected with the act which breaches the contract and yet be the cause of the act he does in furtherance of his intent to injure the plaintiff? In the *Keeble* case the act of defendant may have been prompted by the fact that *Keeble's* children had annoyed his children, or because he was jealous of *Keeble* on account of some political quarrel. If this be true then the malice or ill will which prompted the injurious acts has nothing to do with the acts complained of. Without it they are legal; the question is, Does the presence of this malice or ill will make them illegal?

Malice may mean many things; and there are various kinds of malice recognized in law. In defamation cases there is

³⁵ *Chasemore v. Richards*, 7 H. L. C. 349-1859; *Mayor of Bradford v. Pickles*, 64 L. J. Ch. 101-1895. ³⁶ App. Cas. 92-1898.

implied malice, viz., absence of just cause or excuse, and the express or actual malice which may be proved after the legal presumption of malice is rebutted. Suffice it to say that what is meant by the word, when used in describing the acts of those who interfere with the business of others, who get trade away from rivals, who force rivals to sell out, who cause breaches of contracts in which competitors are interested, is not the usual meaning, which is "A disposition or intent to injure another or others for the gratification of anger, jealousy, hatred, revenge."³⁷ Rather these acts are the result of the desire of business men to succeed,—to down rivals, to get out of their way those who block their progress. The acts done for this purpose and those done in return by those injured result in "anger, jealousy, hatred, revenge," but the real intent is to succeed in business, to make money. Lord Lindley said³⁸ that malice may or may not be used to denote ill will, and that as there are various kinds of malice, such as presumptive or implied malice and express malice, the term should be dropped, and there should be substituted for it the meaning which is really intended to be conveyed by that term, as the word is not an apt one to describe a mere "intention to commit an unlawful act without reference to spite or ill feeling." But even this definition does not seem to meet all cases, for it fails to include the injuries which are suffered by reason of legal acts done with the intent to be unfair and dishonest, with the express purpose of injuring another.

Most of the acts which are claimed to be malicious and of a character to render an act otherwise legal illegal, are unscrupulous, often dishonest and unfair, but they are not illegal. As an abstract, general principle, it is always a legal wrong to injure another in any way; but, in the development of business and civilization, the law has found it necessary to legalize many injuries, or to consider certain injuries of a character which prevents any redress being awarded to the person injured. Such injuries are permitted because of some privilege possessed by him who inflicts them, which

³⁷ Standard Dict.

³⁸ *South Wales Miners' Fed. v. Glamorgan*, App. Cas. 239-1905.

gives him a right to demand of the law immunity from the penalty which would otherwise be visited upon him. In the adaptation of legal rules to modern conditions of business, the problem of the courts will be to determine what are the privileges of this sort, which will justify the acts which now are considered by many to be in violation of individual rights. Lord Watson states that to avail himself of such a privilege, a man "shall act honestly * * * and shall not be prompted by a desire to injure the person who is affected by his act."³⁹ "In order to justify the intentional doing of 'that which is calculated in the ordinary course of events to damage and which does in fact damage another in that other person's property or trade,' you must have some just cause or excuse." This statement of Bowen, L. J., was approved as "exactly accurate" by Lord Chancellor Halsbury.⁴⁰

"I was on my own land," says Hickerlingill. "But while there," declared Keeble, "you planned, intended, and committed acts expressly to injure my business, to destroy my livelihood because of malice you bore me. Your malice has rendered your excuse of no avail. To hide behind that, your act must have been done in good faith." This motive of Hickerlingill's, said Lord Holt, created an actionable wrong out of an otherwise legal act. Justice Oliver Wendell Holmes has said that "when a responsible defendant seeks to escape liability for an act which he had notice was likely to cause temporal damage to another, he must show justification."⁴¹ What constitutes such justification has not yet been determined. The most important justification, he says, is privilege; but he is not ready to admit that men enjoy such a privilege to do harm, in following their own inclination, or in the pleasure of doing harm, to warrant a court in overlooking the damage suffered at their hand by others. Many elements, he thinks, may enter into a decision as to this question of privilege, such as the method of inducing the act, whether by an act wrongful in itself or by advice or combined

³⁹ *Allen v. Flood*, App. Cas. 93-1898.

⁴⁰ 8 Harv. L. Rev. 9.

⁴¹ *Allen v. Flood*, App. Cas. 84-1898.

action, and the motive underlying the act may be most important.

A privilege may be forfeited, and the question is as to the effect on these privileges claimed by defendants in cases involving injuries to business and trade, of the fact that these injuries were inflicted with the deliberate intent to injure the plaintiff in his trade or livelihood. Will proof of such intent wipe out the privilege and compel the defendant to indemnify the plaintiff for the loss he has inflicted?

To define just what acts will constitute privilege — justification — would be a difficult task. Would it be desirable? One of the safeguards of equity jurisprudence is the consistent refusal of equity courts to define fraud. Lord Halsbury believes that a definition of the acts which may be considered as privilege, is essential to personal freedom, but others hold a contrary view. Undoubtedly every man has a right to pursue his business free from the damage, injury and loss which are the result of unfairness, dishonesty, misrepresentation, or deceit on the part of others who shelter themselves behind the policy of laws that freedom of competition must be preserved at all hazards. In the past men have built up their business on the results of the labor of competitors which they have seized upon by use of methods which whether legal or not are not equitable or fair and they have been protected by law to some extent in so doing. Appeal to the courts for relief against such conditions will be continuous until some modification of the present rule is effected.

Any unfair act in trade has not for its end freedom of competition, but the doing away with competition. But Mr. Bigelow contends,⁴² that if the defense of competition does not extend to cases where the defendant is trying to eliminate competition, then freedom of contract does not extend to cases of the buying out and absorption of rivals, and he believes that a limitation of the meaning of both these terms is already in progress.

§ 176. **Interference with Business Generally.**— Perhaps the most advanced statement of authority as to the legal effect of inflicting injury in trade is the following: “ Now, intentionally to do that which is calculated in the ordinary course

⁴² Bigelow Torts (8th ed.) 250.

of events to damage, and which does in fact damage another in that person's property or trade, is actionable if done without just cause or excuse."⁴³ This statement has been widely cited here and in England. Lord James considered it as unquestioned law in *South Wales Miners' Fed. v. Glamorgan*.⁴⁴ He also cited the following: "Wherever a man does an act which in law and in fact is a wrongful act, and such an act as may, as a natural and probable consequence of it, produce injury to another, and which in the particular case does produce such injury, an action on the case will lie."⁴⁵

Most cases of this character, aside from those involving interference with contract, as has been said, have arisen over labor difficulties. They involve largely the same fundamental questions as those which arise from other acts of competitors in trade, but these labor cases are outside the scope of this book. Many recent cases, although arising out of the acts of labor unions, have involved the principle of liability for interference with contract, as well as the broader question of interference with business, as by boycotting.⁴⁶

* *Mogul Steamship Co. v. McGregor*, 23 Q. B. D. 598.

"App. Cas. 239-1905.

* *Bowen v. Hall*, 6 Q. B. D. 333; *Smithies v. Asso.*, 1 K. B. 310-1909.

* *Alfred W. Booth & Bro. v. Burgess* (N. J. Eq. 1906), 65 Atl. 226; *Thacker Coal & Coke Co. v. Burke*, 59 W. Va. 253-1906; 53 S. E. 161; 5 L. R. A. N. S. 1091; *Flaccus v. Smith*, 199 Pa. St. 128-1901; 45 Atl. 894; 54 L. R. A. 640; *Boysen v. Thorn*, 98 Cal. 578-1893; 33 Pac. 492; 21 L. R. A. 233; *May v. Wood*, 172 Mass. 11-1898; 51 N. E. 191; *Glencoe Land, etc., Co. v. Hudson Brothers, etc., Co.*, 138 Mo. 439-1896; 40 S. W. 93; 36 L. R. A. 804; *Chambers & Marshall v. Baldwin*, 91 Ky. 121-1891; 15 S. W. 57; 11 L. R. A. 545; *Bourlier Brothers v. Maccauley*, 91 Ky. 135-1891; 15 S. W. 60; 11 L. R. A. 550; *Kline v. Eu-*

banks, 109 La. 241-1802; 33 So. 211; *B. J. Wolf & Sons v. New Orleans, etc., Co.*, 113 La. 388-1904; 37 So. 2; 67 L. R. A. 65; *McCann v. Wolff*, 28 Mo. App. 447-1888. *Ashley v. Dixon*, 48 N. Y. 430-1872, is sometimes cited with the foregoing cases; but this was a case involving an ordinary real estate transaction, and it is probable that, at least in the normal case of inducing a breach of contract to the injury of a competitor in trade, the prevailing rule would now be applied in New York. *Beattie v. Callanan*, 82 App. Div. (N. Y.) 7-1903; 81 N. Y. Supp. 413; also, *American Law Book Co. v. The Edward Thompson Co.*, 41 Misc. (N. Y.) 396-1903; 84 N. Y. Supp. 225. *Bitterman v. Louisville & Nashville Railroad*, 207 U. S. 205-1907, holds that actual malice is not a necessary ingredient of an action

§ 177. **Interference with Contracts by Third Person Enjoined.**—Has a man an absolute *right* to carry on his trade or calling without being molested, harassed, or interfered with? He has a right to earn his living in his own way provided he does not violate law or infringe the rights of others. Has he the right to deal with all other persons who may wish to deal with him? This right is of no value if others may not deal with him freely, for interference with their liberty affects him. “If such interference is justifiable in point of law he has no redress. Again, if such interference is wrongful, the only person who can sue in respect of it is, as a rule, the person immediately affected by it. Another who suffers by it has no redress, the damage to him is too remote, and it would be obviously practically impossible and highly inconvenient to give legal redress to all who suffered from such wrongs. But if the interference is wrongful and is intended to damage a third person, and he is damaged in fact—in other words, if he is wrongfully and intentionally struck at through others, and is thereby damnified—the whole aspect of the case is changed; the wrong done to others reaches him, his rights are infringed, although indirectly, and damage to him is not too remote or unforeseen, but is the direct consequence of what has been done. Our law, as I understand it, is not so defective as to refuse him a remedy by an action under such circumstances.”⁴⁷

To the defense that the act of the defendant is too remote, Bigelow says:⁴⁸ “Intention to have an act done and procuring it to be done, though by persuading another to do it, should bring a man near enough to the act to make him accountable for it; successful endeavor ought to be enough.” He adds (p. 264): “Analogy is clearly in favor of treating persuasion to break a contract as too dangerous to the public welfare to be permitted.” Says Lord Watson of the House of Lords:

for interference with contract; that is, malice in the sense of personal ill will. However, wanton disregard, on the part of a third person, of the rights of two or more contracting parties constitutes legal malice within the rule of *Angle v. Chicago, St.* *Paul, etc., Ry. Co.*, 151 U. S. 1-1894; 38 L. ed. 55; 14 Sup. Ct. 240.

“Lord Lindley in *Quinn v. Leathem*, App. Cas. 534-5-1901, citing *Mogul SS. Co. case*, 23 Q. B. D. 613; *Lumley v. Gye*, 2 E. & B. 216.

“Big. Torts (8th ed.) 263.

"There are, in my opinion, two grounds only upon which a person who procures the act of another can be made legally responsible for its consequences. In the first place, he will incur liability if he knowingly, and for his own ends, induces that other person to commit an actionable wrong. In the second place, when the act induced is within the right of the immediate actor, and is therefore not wrongful in so far as he is concerned, it may yet be to the detriment of a third party; and in that case, according to the law laid down by the majority in *Lumley v. Gye*, the inducer may be held liable if he can be shown to have procured this object by the use of illegal means directed against that third party.⁴⁹ A violation of legal right committed knowingly is a cause of action; and it is a violation of a legal right to interfere with contractual relations recognized by law if there be no sufficient justification for the interference."⁵⁰ In *Beekman v. Marsters*,⁵¹ it is said that "it has been settled in Massachusetts that there is no distinction between a defendant's enticing away the plaintiff's servant and a defendant inducing a third person to break any other contract between him and the plaintiff."⁵² In *Nolin v. Pearson*,⁵³ defendant persuaded and enticed the plaintiff's husband to commit adultery and to refuse to perform his marital contract. Held a wrong for which the wife can maintain an action without joining the husband as plaintiff.⁵⁴ In *Quinn v. Leathern*,⁵⁵ the defendants wrongfully and maliciously induced customers and servants to cease to deal with the plaintiff. This was held actionable.

The question of the effect of causing a breach of contract by one not a party to it was first considered by the Supreme Court

* Citing *National Phonograph Co., Ltd. v. Edison Bell, etc. Co.*, 1 Ch. 335-59-1908.

"Lord Macnaughten in *Quinn v. Leathern*, App. Cas. 510-1901.

"195 Mass. 205, 80 N. E. 817.

"See *Walker v. Cronin*, 107 Mass. 555-57; *Moran v. Dunphy*, 177 Mass. 485; *Jackson v. Stairfield*, 137 Ind. 592 (contract for lumber); *Morgan*

v. Andrews, 107 Mich. 33 (contract to construct machine); *Jones v. Stanley*, 76 N. C. 356 (carriers' contract); *Raymond v. Yarrington*, 96 Tex. 400; 73 S. W. 800; 62 L. R. A. 962.

"191 Mass. 283-1906.

"See to same effect *Winsmore v. Greenbank*, Willes 577.

"App. Cas. 495-1901.

of the United States in *Angle v. Chicago, etc., Ry.*⁵⁶ The court cited *Green v. Button*,⁵⁷ *Lumley v. Gye*,⁵⁸ *Bowen v. Hall*,⁵⁹ *Walker v. Crown*,⁶⁰ *Benton v. Pratt*,⁶¹ *Rice v. Manley*,⁶² *Jones v. Stanley*; ⁶³ all of which cases except the last two were before the House of Lords in *Allen v. Flood*,⁶⁴ and cited by Halsbury, L. C., in that case.

The opinion in *Angle v. Chicago, etc., Ry.*, was in part as follows: "It has been repeatedly held, that if one maliciously interferes in a contract between two parties, and induces one of them to break that contract to the injury of the other, the party injured can maintain an action against the wrongdoer." This case does not decide that interference with a man's livelihood, trade, or business *per se* creates a cause of action, but that it is actionable to interfere with a contract maliciously. The term "maliciously" is not defined in the case, and is to be presumed to be here used in its ordinary legal meaning.

*Temperton v. Russell*⁶⁵ involved acts done to interfere with the contracts with materialmen to supply builders who refused to follow union rules. The plaintiff, one of these materialmen, sued the unions. These acts consisted of various things done to bring pressure on the materialmen, such as ordering their members to refuse to work on the plaintiff's goods. It was held, that these acts were not induced by malice, but nevertheless were malicious in the legal sense, the following ruling in *Bowen v. Hall* being cited: "If the persuasion be used for the indirect purpose of injuring the plaintiff, or of benefiting the defendant at the expense of the plaintiff, it is a malicious act, which is in law and in fact a wrongful act, and therefore an actionable act, if injury ensues from it. * * * that act is a persuasion by the defendant of a third person to break a contract existing between such third person and the plaintiff." ⁶⁶

⁵⁶ 151 U. S. 1-1893; affirmed in *Bitterman v. Louisville & Nashville R.*, 207 U. S. 205.

⁵⁷ 2 C. M. & R. 707.

⁵⁸ 2 E. & B. 216.

⁵⁹ 6 Q. B. D. 333-37.

⁶⁰ 107 Mass. 555.

⁶¹ 2 Wend. (N. Y.) 385.

⁶² 66 N. Y. 82.

⁶³ 76 N. C. 355.

⁶⁴ App. Cas. 1-1898.

⁶⁵ 1 Q. B. 715-1893.

⁶⁶ *Quinn v. Leatham*, App. Cas. 495-509-1901, holds that *Temperton v. Russell*, 1 Q. B. 715-1893, was not overruled by *Allen v. Flood*, App. Cas. 1-1898.

§ 178. **Interference with Contracts with Servants.**—From early times it has been considered a legal wrong to entice away a servant, or to persuade him to break the contract of employment. This was not limited to menial or household servants, but was extended to industrial employees, such as factory hands. Under this rule, acts such as giving liquor to employees of another, entertaining them, and inducing them by offer of higher wages to leave their employer or to sign an agreement to that effect, are actionable.

*Gunter v. Astor*⁶⁷ was an action on the case. Plaintiff was a maker of pianos; his workmen were under no contract for a definite period, but worked by the piece. Defendants were charged with conspiring to entice away plaintiff's servants. They appear to have invited the workmen to a dinner, plied them with liquor, and, by the offer of higher wages, induced them to leave plaintiff's service, and sign an agreement to that effect. Plaintiff's business was practically ruined in consequence. Held, that defendants were liable in substantial damages. Verdict for two years' profits not interfered with by the appellate court.⁶⁸

At common law a man could not exercise a trade to which he had not been duly apprenticed, and one so admitted was obliged by statute to follow and exercise his trade under a penalty.⁶⁹ Hence to prevent a person's exercising his trade was to compel him to violate the law.

"If any person do hire or retain my servant being in my service, for which the servant departeth from me and goeth to serve the other, I may have an action for damages against both the new master and the servant, or either of them."⁷⁰

This rule of law is now incorporated in the statutes of some states. For instance the laws of Georgia,⁷¹ provide that when

⁶⁷ *Gunter v. Astor*, 4 J. B. Moore 12-1819, an action on the case. See also *Hart v. Aldridge*, Cowp. 54-1774; *Scidmore v. Smith*, 13 Johns. (N. Y.) 322-1816; *Stuart v. Simpson*, 1 Wend. (N. Y.) 376-1828.

⁶⁸ See also *Walker v. Cronin*, 107 Mass. 555-1871; *Chipley v. Atkinson*, 23 Fla. 206-1887; 1 So. 934, a

carefully considered case; *Haskins v. Royster*, 70 N. C. 601-1874; *Jones & Jester v. Blocker*, 43 Ga. 331-1871; *Bixby v. Dunlap*, 56 N. H. 456-1876.

⁶⁹ Pollock Contracts 313.

⁷⁰ Blackstone, Book 1, § 429.

⁷¹ Acts of 1903, p. 91.

the relation of landlord and tenant, or employer and employee, as regards agricultural lands, has been established by written contract, or parol contract partly performed, it is unlawful for a third person "to employ or to rent lands to * * * or disturb in any way said relation without first obtaining the written consent of said employer," etc.⁷³

In *J. S. Brown Hardware Co. v. Ind. Stove Works*,⁷³ there seems to be the element of fraud as well as of inducing breach of contract, as there defendant induced plaintiff's traveling salesman while in plaintiff's employ under a contract of exclusive service, to act at the same time in the service of defendant. In these cases it seems settled that it is not necessary that there should be any contract for a definite period.⁷⁴

The Harvard Law Review⁷⁵ considers that where, in these cases, the breach is of a contract involving no personal service the weight of authority is against recovery unless illegal means are used,⁷⁶ and contends there is no valid reason for the distinction, saying: "The principle covering all these cases would seem to be that anyone intentionally causing pecuniary loss to another is *prima facie* liable."

On the authority of the cases mentioned in the note below the Massachusetts court has held in *Moran v. Dunphy*,^{74c} that maliciously and without justifiable cause to induce a third person to end his employment by either false slanders or successful persuasion is an actionable tort.^{74d}

§ 179. *Lumley v. Gye, and Later Cases.*—*Lumley v. Gye*,⁷⁵ marked a step in the development of the rule. It was there held, that defendant was guilty of a tort, in inducing an opera singer to refuse to perform her contract to sing at the plaintiff's theatre, and the plaintiff's contract rights were protected

⁷³ *McBride v. O'Neal*, 128 Ga. 473-1907; 57 S. E. 789; Miss. Code 1892, § 1068, to the same effect.

⁷⁴ 96 Tex. 453-1903; 73 S. W. 800.

⁷⁵ *Chipley v. Atkinson*, 23 Fla. 206-1887; 1 So. 934.

⁷⁶ Vol. 16, p. 228.

^{74b} See *Boysen v. Thorn*, 98 Cal. 578; *Jones v. Stanley*, 76 N. C. 355.

^{74c} 177 Mass. 487.

^{74d} *Walker v. Cronin*, 107 Mass. 555; *Morasse v. Brocher*, 151 Mass. 567; *Tasker v. Stanley*, 153 Mass. 148; *Vegelahn v. Gunter*, 167 Mass. 92; *Hartnett v. Plumbers, etc.*, 169 Mass. 229; *Weston v. Barnicoat*, 175 Mass. 454; *Plant v. Woods*, 176 Mass. 492.

⁷⁵ 2 E. & B. 216-1853.

by injunction. The contract was wholly executory, and the wrong could hardly be placed under the familiar category of enticing away servants, but the case may be regarded as the starting point of the development of the law which has now resulted in the establishment of the broad rule.

This was followed in *Bowen v. Hall*.⁷⁶ The plaintiff, a brick manufacturer, entered into a contract with one Pearson, in view of his special skill and knowledge of certain secret processes, under which, for a period of years, Pearson was to supervise the manufacture of certain kinds of brick, finding all labor and a part of the materials. Defendants, rivals in trade, persuaded him to break his contract and enter their employ. This was held to be actionable. Similarly a president of a corporation who caused the corporation to refuse to complete a contract, with the purpose of injuring the plaintiff, was successfully proceeded against personally.⁷⁷

In *Taylor Iron & Steel Co. v. Nichols*,⁷⁸ defendant Nichols was employed by complainant and taught its secret processes in the manufacture of steel, under an agreement not to divulge the same. His co-defendant was a competing company, which induced Nichols to violate his contract and enter its employ, disclosing to it these trade secrets. Complainant was held entitled to a preliminary injunction restraining defendants from disclosing trade secrets, and restraining defendant company from employing Nichols during the term of his contract with complainant, although not to an injunction restraining Nichols from entering the employ of another during that period.

In California, "maliciously inducing another to break his contract with a third person will not create a liability to the latter, when it is done without threats, violence, falsehood, deception, or benefit to the person inducing the breach."⁷⁹ The

⁷⁶ L. R. 6 Q. B. Div. 333-1881.

⁷⁷ *Jones v. Stanly*, 76 N. C. 355-1877. Plaintiff had contracted with a railroad company to carry cross ties for him. Defendant, the president and superintendent of the railroad company, for the purpose of injuring the plaintiff, refused to com-

plete the contract. Plaintiff sued the president personally for causing this breach of his contract with the railroad company and was held entitled to recover.

⁷⁸ 70 N. J. Eq. 541-1905; s. c. 65 Am. Rep. 695-1907.

⁷⁹ *Boysen v. Thorn*, 98 Cal. 578.

same is held in Kentucky, *Chambers v. Baldwin*,⁸⁰ *Boulier v. Macauley*; ⁸¹ in Missouri, *Glencoe Land Co. v. Hudson Bros.*⁸² In *Boulier v. Macauley*,⁸³ Boulier contracted with an actress to play at his theatre. Later defendant caused her to break the contract. Held there was no cause of action. The facts of the case are very similar to *Lumley v. Gye*, *supra*.⁸⁴

In New Hampshire a binding contract of service is held necessary.⁸⁵

§ 180. Causing Breach of Contracts for Furnishing Information.—The doctrine in question has been applied also to contracts for the furnishing of market quotations under certain restrictions as to their use by the one buying them, such as that they should not be divulged. One who acquires information, either by discovery or by labor, is entitled to the aid of law to protect the information as a secret. The fact that others might do similar work is no reason why they may steal plaintiff's information. This information may be communicated to others who are in confidential relations with the owner; and if a contract exists between owner and customer that the customer will not make the information public, it will be enforced by equity, and third persons will be restrained from using this knowledge if they obtain it from any customer in violation of his contract.⁸⁶ "The plaintiff does not lose its rights by communicating the result to persons, even if many, in confidential relations to itself, under a contract not to make it public, and strangers to the trust will be restrained from getting at the knowledge by inducing a

⁸⁰ 91 Ky. 121.

⁸¹ 91 Ky. 135.

⁸² 138 Mo. 439.

⁸³ 91 Ky. 135.

⁸⁴ 2 E. & B. 216-1853.

⁸⁵ *Campbell v. Cooper*, 34 N. H. 49.
But see also *Noice v. Brown*, 39 N. J. L. 569; *Haskins v. Royster*, 70 N. C. 601.

⁸⁶ *Exchange Telegraph Co. v. Gregory & Co.*, 1 Q. B. D. 147-1896; *F.W.*

Dodge Co. v. Construction Information Co., 183 Mass. 62-1903; 66 N. E. 204; 60 L. R. A. 810; *Board of Trade v. C. B. Thomson Commission Co.*, 103 Fed. 902-1900 (C. C. Wis.); *Board of Trade v. Hadden-Krull Co.*, 109 Fed. 705-1901 (C. C. Wis.); *National Telegraph News Co. v. Western Union Telegraph Co.*, 119 Fed. 294-1902 (C. C. A. 7th Cir.); 60 L. R. A. 805.

breach of trust and using knowledge obtained by such a breach." ⁸⁷

The same has been held in England. In the case of *Exchange Telegraph Co. v. Gregory & Co.*,⁸⁸ it was held, that the plaintiff which published the stock exchange news to subscribers, in confidence, under contract, was entitled, not only to an injunction against a subscriber divulging the news in violation of his contract, but also to restrain an outsider from inducing subscribers to communicate the news to him contrary to the terms of such contract, these terms being known to the outsider; and that no proof of special damage was necessary. Said the court: "Merely to persuade a person to break his contract may not be wrongful in law or fact * * *; but if the persuasion be used for the indirect purpose of injuring the plaintiff or of benefiting the defendant at the expense of the plaintiff, it is a malicious act which is in law and in fact a wrong act, and therefore a wrongful act, and therefore an actionable act if injury ensues from it." The case of *Exchange Telegraph Co., Ltd. v. Central News*⁸⁹ is to the same effect. In all of these cases will be found a breach of contract induced by some third person for his own profit.

§ 181. Causing Breach of Passengers' Contracts with Transportation Companies.—The rule has been repeatedly applied to dealings by ticket brokers in nontransferable tickets, such as return coupons; and they have been enjoined from buying and selling such tickets on the ground that they could only do so by inducing those from whom they bought them to violate their contract with the transportation company not to transfer such coupons. While somewhat different grounds for these decisions have been suggested, they are distinctly placed upon the ground of interference with contract. The United States Supreme Court in *Bitterman v. Louisville & Nashville R. R.*,⁹⁰ has so held. The court there cites and applies the rule laid down

⁸⁷ *Board of Trade v. Christie Grain & Stock Co.*, 198 U. S. 236-50-1904; 49 L. ed. 1031; 25 Sup. Ct. 637.

⁸⁸ 73 L. T. 120-24-1895.

⁸⁹ 2 Ch. 48-1897.

⁹⁰ 207 U. S. 205-23-1907.

in *Angle v. Chicago, St. Paul, etc., Ry. Co.*,⁹¹ "that an actionable wrong is committed by one who 'maliciously interferes in a contract between two parties, and induces one of them to break that contract to the injury of the other,' " deeming it clear that this principle "embraces a case like the present, that is, the carrying on of the business of purchasing and selling nontransferable railroad tickets for profit, to the injury of the railroad company issuing such tickets " and remarking that "it is not necessary that the ingredient of actual malice in the sense of personal ill-will should exist;" and that in such a case, the "wanton disregard of the rights " of the complaining party constituted legal malice within the meaning of the foregoing statement of the rule.

There are several decisions of the lower federal courts to the same effect as the *Bitterman* case. A New York (Special Term) opinion, which is of doubtful authority, is opposed to these cases.⁹²

§ 182. **Summary.**—From the foregoing pages, it will be seen that one who interferes in a transaction between other persons who are about to enter into, or are already under contract obligation to each other, may often, not always, be held for damages or enjoined. The cases mentioned above do not include the class of cases most closely related to unfair competition as the term is usually understood. They have been discussed because they serve to illustrate various applications of this principle which is now under such frequent discussion.

We will now take up various cases which seem to show the present understanding as to what is such interference with a

⁹¹ 151 U. S. 1-1894; 38 L. ed. 55; 14 Sup. Ct. 240.

⁹² *Illinois Cent. R. Co. v. Caffrey*, 128 Fed. 770-1904 (C. C. Mo.); *D. L. & W. R. Co. v. Frank*, 110 Fed. 689-1901 (C. C. W. D. N. Y.); *Nashville, C. & St. L. Ry. Co. v. McConnell*, 82 Fed. 65-1897 (C. C. Tenn.); *Penn. R. Co. v. Beekman*, 30 Wash. (D. C.) Law Rep. 715-1902. *Contra*, the case of *N. Y. C. & H.*

R. R. Co. v. Reeves, 85 N. Y. Supp. 28-1903; disapproved in *Bitterman v. Louisville & Nashville R.*, *supra*. The question under consideration was hardly discussed in the opinion by Lambert, J., though really involved; the whole question before the court, as remarked by the Justice, having become purely academic through lapse of time.

contract as will afford ground for an action at law for damages or for a preventive remedy in equity.

§ 183. What Constitutes Interference with Contract.—Persons who are not lawyers are inclined to believe that everything is lawful which is not criminally punishable. This is a serious misconception. To break a contract is to commit a wrong. Paying damages does not make a wrong action a right one. A breach of contract would not be actionable if it was a right thing to do.

If a co-contractor refuses to concur in a breaching of a contract it is no justification of the other contracting party, or of a third person who causes a breach, that they believed a breach would benefit the co-contractor. Nor is the fact that they believed that their breach would do the other party no harm; or the fact that, on normal or religious grounds, they feel they should not perform the contract, any excuse for not doing what they agree to do. Lord Halsbury thinks that if there are sometimes cases where a person is justified on moral or religious grounds in breaking a contract, there is in such cases the question whether or not there is not an equally strong reason why he who breaks the contract should not indemnify the person whom the breach injures.⁹³

There are at least two ways of interfering with contracts made by other persons: (a) by preventing a contract being made, (b) by causing the parties to it to break it after it is made. Mr. Bigelow claims that to make a *prima facie* cause of action for procuring one person not to contract with another, three things must be shown: (1) Notice to the defendant of the plaintiff's relation to the third person; (2) interference with that relation; (3) damage.⁹⁴ In *Temperton v. Russell*,⁹⁵ it was set up that a distinction exists between inducing the breach of a contract already entered into and inducing persons not to enter into contracts, but the court refused to sustain it, saying that the same wrongful intent existed in both cases and the same sort of injury to the plaintiff.

⁹³ *South Wales Miners' Federation v. Glamorgan Coal Co.*, App. Cas. 245-1905.

⁹⁴ Bigelow Torts (8th Am. ed.) 141.

⁹⁵ 1 Q. B. 715-28-1893.

*Gregory v. Duke of Brunswick*⁶⁶ was cited as sustaining the rule that acts which prevent contracts being made are actionable. In this case judgment was given for defendant on allegations showing that he with others had conspired to cause disturbance at a theatre which prevented persons coming to see and hear plaintiff, an actor, perform.

There are a number of cases to be found in which there was interference with a contract, but there is no definite statement of a rule of law in them. For instance in *Benton v. Pratt*,⁶⁷ third parties agreed to purchase of plaintiff 200 hogs to be delivered three or four weeks later, provided the purchasers had not been previously supplied. Later plaintiff started with his drove of hogs for the town where they were to be delivered, and on the way overtook the defendant with another drove. Defendant told plaintiff he was going to another town, and plaintiff disclosed the particulars of his own sale. Defendant then arranged to get away with his drove first, took them to plaintiff's buyer and represented that plaintiff was going to another town and did not intend to perform his contract. Thereupon plaintiff's vendees purchased defendant's hogs and refused to purchase plaintiff's, when he arrived later. Held, that plaintiff was entitled to recover damages. In *Rice v. Manley*,⁶⁸ the plaintiffs agreed with Stebbins to buy cheese for future delivery at Cattaraugus. Defendant knew of this agreement, and to deprive the plaintiffs of the benefit of it caused a telegram to be sent to Stebbins signed "E. Rice," which he intended Stebbins should understand to be one of the plaintiffs, to the effect that he could sell the cheese and that the plaintiff did not want it. He took the dispatch to the telegraph office and then carried it to Stebbins, and by this fraud induced Stebbins to sell and deliver the cheese to him before the date of delivery to the plaintiffs arrived. Earl, J., held, citing Coke, J., in 3 Bulstr. 95, that "fraud without damage, or damage without fraud, gives no cause of action; but where these two concur an action lies," and that the plaintiffs would have been damaged by reason of the defendant's fraud. "Schemes of

⁶⁶ 6 M. & G. 953-1844.

⁶⁷ 66 N. Y. 82-1876.

⁶⁸ 2 Wend. (N. Y.) 385-1829.

fraud may be so cunningly devised as to elude the eye of justice, but they must not escape condemnation and reparation when discovered " (id. p. 87). Judgment for the plaintiff.⁹⁹ In 1895 it was held in *Rice v. Albee*,¹ that a third person who persuaded A. not to enter into a partnership with B. did not commit a wrongful act. Later, in 1900, speaking of a case where a trade union interfered with employees of a third person, the court said, in *Plant v. Woods*:² " It is not necessary that the liberty of the body should be restrained. Restraint of the mind, provided it would be such as would be likely to force a man against his will to grant the thing demanded, and actually has that effect, is sufficient in cases like this " (id. p. 502); and following this case, in *Berry v. Donovan*,³ the plaintiff worked for one who had agreed not to employ any but union men. The plaintiff was a non-union man. The union, without any threats, asked the employer to discharge the plaintiff, and he did so. Knowlton, C. J., held this act unlawful. The decision of the case turned largely on what was fair and unfair competition. The union contended that this interference was " a kind of competition " (p. 357). Held, that " an interference by a combination of persons, to obtain the discharge of a workman because he refuses to comply with their wishes, for their advantage, in some matter in which he has a right to act independently, is not competition " (p. 357).

A tourist agent who obtained an exclusive contract within specified territory to represent a certain hotel, has enjoined a competitor who attempted to induce the hotel company to break the contract. The opinion of Loring, J., carefully discusses the whole subject, including the distinction between cases involving an interference with rights under a contract actually existing, and those involving interference with

⁹⁹ Citing *Benton v. Pratt*, 2 Wend. (N. Y.) 385-1829; *Snow v. Judson*, 38 Barb. (N. Y.) 210-1862; *Pasley v. Freeman*, 3 Term Rep. 51-1789; *White v. Merritt*, 7 N. Y. 352-1852; *Dung v. Parker*, 52 N. Y. 494-1873, distinguished.

¹ 164 Mass. 88; 41 N. E. 122.

² 176 Mass. 492-1900; 57 N. E. 1011; 51 L. R. A. 339.

³ 188 Mass. 353-1905; 74 N. E. 603; 5 L. R. A. N. S. 899.

another's general right to make contracts and do business. The tourist agent, at Boston, contracted with a company having the only hotel in the Jamestown Exposition Grounds, to act as its exclusive agent in New England. Defendant, a rival agent, then represented to the hotel company that it was a mistake to make any one man the exclusive New England agent, that plaintiff's business was insignificant, and that he had made false statements as to his subagencies. He thus influenced the company to grant him similar rights of representation, without regard to its exclusive contract with plaintiff. The defendant was enjoined from acting as the company's agent in New England, and from interfering with plaintiff's exclusive rights.⁴

The acts of a corporation, by which a rival corporation is prevented from completing a railroad, and is thereby caused to forfeit land granted to it conditionally on its completing the road in a given time, are actionable and an action on the case will lie in such a case. Equity will impress on the lands which the offending corporation fraudulently prevented the other from securing, and obtained for themselves, a trust *ex maleficio* or *ex delicto*.⁵ This case involved distinctly fraudulent dealing, but the decision is based upon the broader ground; and the case seems to be authority for the proposition that it is actionable not only to induce breach of contract by direct means, such as persuasion and inducement, but also to bring it about by indirect means, if employed deliberately and without justification for the same end, as by disabling a party from performing the contract. The facts were these: a railway company (briefly described as the Portage Company) holding a land grant from the state on condition of completing a railroad by a certain time, made a contract with one Angle to construct a portion of the line. Defendant, a competing railway company, by bribing officers of the Portage Company, wrongfully obtained an injunction, and otherwise secured control of the Portage Company, preventing Angle from completing his work, and rendered the Portage Company insolvent, so that Angle

⁴ *Beekman v. Marsters*, 195 Mass. 205-1907; 80 N. E. 817; 11 L. R. A. N. S. 201.

⁵ *Angle v. Chicago, St. Paul, etc., Ry. Co.*, 151 U. S. 1-1894; 38 L. ed. 55; 14 Sup. Ct. 240.

was unable to collect from it a judgment obtained against it for damages for breach of contract. The defendant was held liable to Angle for his damages on the ground that it had maliciously interfered in the contract and brought about its violation.

Persons inducing the breach of the provisions of a lease, resulting in preventing the lessee from carrying on a profitable business, were held liable in *Martens v. Reilly*.⁶

Unless the contract with which the defendant attempts to interfere is a valid one, no liability will arise. Thus in *Bobbs-Merrill Co. v. Straus*,⁷ a book was published by complainants with a notice that no dealer was licensed to sell it at less than one dollar, the retail price of the book, and that a sale at a lower price would be treated as an infringement of the copyright. Defendants purchased copies from wholesalers, who had entered into no contract with complainants, and proceeded to sell them at eighty-nine cents. Defendants held not liable; injunction denied.

Causing one under a contract to supply work, labor, or services, or goods to a competitor, to cease to carry out his contract is actionable. Damages were allowed in a case where the plaintiff was conducting a laundry business, but had no plant of her own, and had entered into contracts with various laundries to do her work, and the defendants, apparently competing laundrymen, by inducements and threats, persuaded several of these laundries to break their contracts with the plaintiff and refuse to do her work.⁸

In *Heath v. American Book Co.*,⁹ plaintiffs had entered into a contract with the state, pursuant to a statute, to supply for five years all of a certain class of text books required for use in public schools of the state. Defendant knowing that this contract was in force, induced the school boards of certain counties to substitute certain of its books for those furnished by plaintiff, and was adjudged liable in damages.

⁶ 109 Wis. 464-1901; 84 N. W. 608-1898; 52 N. E. 924; 43 L. R. 840. A. 797.

⁷ 147 Fed. 15-1906 (C. C. A. 2d Cir.), affirmed, 210 U. S. 339-1907. ⁸ 97 Fed. 533-1899 (C. C. W. Va.).

⁹ *Doremus v. Hennessy*, 176 Ill.

§ 184. Ignorance of the Existence of the Contract is no Defense Against an Injunction.—Ignorance of the contract relation may be a defense to an action at law for damages in such cases as these, but would not necessarily be a sufficient reason for denying an injunction against the new employer, or against the employee who had broken his contract.

§ 185. Procuring Breach of Contract Not to Re-enter Business.—The rule under consideration has been applied by holding liable third persons, who induced the breach of an agreement not to engage in business again, which contracts had been made by one selling his business, or by a former partner.

Where a person has bound himself by contract not to engage in business on his own account or for another in competition with complainant, he will be enjoined from violating the contract. And a person who had employed him will be enjoined also from continuing to employ him in a competing business, and the fact that such employer acted in ignorance of the contract was held to be no defense in the injunction proceedings.¹⁰

Two partners on selling their business to plaintiff, stipulated not to engage in a similar business in a certain territory. One of the partners violated this contract, and not only the partners, but also other persons who had knowingly induced the violation of the contract, were held liable in damages.¹¹

A dealer sold his bologna sausage business and covenanted not to engage either for himself or as agent or servant in that business thereafter. His wife and brother-in-law later established a similar business of which he acted as manager. Not only was he enjoined from further violation of his covenant, but, what is of most interest in this discussion, his wife and brother-in-law, though not bound by the covenant, were at the same time enjoined by the equity court in New Jersey from causing him to violate his obligation by employing him, and holding him out as their agent.¹²

¹⁰ *A. Booth & Co. v. Davis*, 127 Fed. 875-1904 (C. C. Mich.).

¹¹ *Fleckenstein Bros. Co. v. Fleckenstein*, 66 N. J. Eq. 252-1904; 57

¹² *Raymond v. Yarrington*, 73 S. Atl. 1025.
W. 800; 62 L. R. A. 962; 96 Tex. 443-1903.

§ 186. **Position of New York Courts on this Rule.**—There is some doubt as to the extent to which this doctrine is applied in New York,¹³ but there is a recent case in that state,¹⁴ decided in a lower court, in which a publisher was, by preliminary injunction, restrained from inducing subscribers to break their contracts with a rival publisher; and, although in this case there was an element of false representation, the decision was placed upon the broader ground that it was a wrong to induce the violation of a contract. The inadequacy of the relief which could be given by action at law, it being held impossible to estimate the damage which might be caused by future litigation, or loss of business suffered by the plaintiff, was considered by the court ground for equitable interference. The facts were these: plaintiff and defendant published rival encyclopedias. Defendant was making agreements with subscribers to the plaintiff's book whereby it undertook to indemnify these subscribers against claims for damages for breach of contract in declining to receive and pay for plaintiff's books. The allegations further disclosed intentional misrepresentation by the defendant to these subscribers, as to the merit of the books, in order to induce the breach of contract. The defendant admitted making the agreements, but denied that plaintiff had any equitable remedy therefor as he had an adequate remedy at law for each breach. Says Bischoff, J.: "The fraudulent intent followed to fruition in the actual inducement of persons dealing with the plaintiff to break their contracts for the intended benefit of the defendant, and to the intended injury of the plaintiff, is the basis of the defendant's wrong—a wrong which our system of remedial justice recognizes as the subject of relief. That an action for damages would not afford an adequate remedy is obvious. The loss of business and the injury to business reputation resulting from the defendant's

¹³ *Ashley v. Dixon*, 48 N. Y. 430-1872; *Daly v. Cornwell*, 34 App. Div. (N. Y.) 27-1898; 54 N. Y. Supp. 107.

¹⁴ *American Law Book Co. v. The Edward Thompson Co.*, 41 Misc.

396-1903, citing *Rice v. Manley*, 66 N. Y. 82-1876; *Rich v. N. Y. C. & H. R. R. Co.*, 87 N. Y. 392-1882; *Bowen v. Hall*, L. R. 6 Q. B. Div. 333-1881.

acts of obstruction, and from the consequent litigation between the plaintiff and its delinquent subscribers, could not be estimated nor proven with any degree of certainty for the purposes of a recovery; nor could the plaintiff properly estimate the additional burden of the future litigation with subscribers, whose defense would (as is to be inferred from the past) be conducted by the defendant at great pains and expense, bearing no relation to the amount of the claim, but solely in the interest of obstruction and for advertising purposes. The invasion of a legal right being apparent and the inadequacy of relief at law being clear, a case for injunctive relief is made out, and, indeed, direct authority for an injunction upon a very similar state of facts is not wanting" (p. 397).¹⁵

A guarantee insurance company which threatened cancellation of a policy which could be canceled only on five days' notice, unless the employer (the assured) discharged an employee, on an action of trespass on the case by the discharged employee was held liable in damages.¹⁶

The acts of a trade union in inducing miners to strike, such as passing resolutions to direct a strike, declaring holidays, ordering men to stop work, are acts inducing a breach of contract and are unlawful. The union was held to have "initiated," directed, given orders, "so that it is correct to say that they induced and procured the workmen to break their contracts."¹⁷

The Lords in deciding *Allen v. Flood*,¹⁸ considered that Allen had no power himself to call out workmen to inflict damage. All he did was to inform the employer that the other work-

¹⁵ Citing *Stoddart v. Key*, 62 How. Pr. 137-1881.

¹⁶ *London Guarantee, etc., Co. v. Horn*, 206 Ill. 493-1906, citing *Quinn v. Leathem*, App. Cas. 495-1901; *Chambers v. Baldwin*, 15 S. W. 57. Where defendant maliciously became purchaser instead of plaintiff and caused breach. *Roycroft v. Tayntor*, 68 Vt. 219; *Vegelahn v. Gunter*, 167 Mass. 92, opinion of

Holmes, J.; *Moran v. Dunphy*, 177 Mass. 485; *Hollenbeck v. Restine*, 114 Iowa 358; *Gove v. Condon*, 40 L. R. A. 382; *Perkins v. Pendleton*, 90 Me. 166; *Chipley v. Atkinson*, 23 Fla. 206.

¹⁷ *South Wales Miners' Fed. v. Glamorgan Coal Co.*, App. Cas. 239-49-1905; *Smithies v. National Asso., etc.*, L. R. 1 K. B. 310-1909.

¹⁸ App. Cas. 1-1898; § 174.

men would leave under certain conditions. Such at least is the explanation of the case given by them in *Quinn v. Leathem*,¹⁹ where they were asked if *Allen v. Flood* made the boycott legal. A valuable article on the New York law as to interference with contract, by E. W. Huffcutt, is found in 18 *Harvard Law Review* 423.

§ 187. Conditional Contracts — Inducing Breach of Manufacturers' Contracts with Retailers.—He who sells to one he is bound by contract with his vendor not to sell to, gives good title nevertheless; and this is true although the person so buying knew at the time of purchase of the existence and terms of the contract. Coke on Littleton, section 360, states: "If a man be possessed of a horse, or any other chattel, real or personal, and give his whole interest or property therein upon condition that the donee or vendee shall not alien the same, the same is void because his whole interest and property is out of him, so as he hath no possibility of reverter; and it is against trade and traffic and bargaining and contracting between man and man." Such conditional contracts are made with agents who are granted exclusive license to sell in a certain territory. These agents are often met by the competition of some third person who has lawfully procured elsewhere the goods which the agent sells. The competitor, not having bought of the manufacturer, and so being under no contract as to price, may sell as he will, and may cut prices and sell to persons to whom the agent is forbidden to sell. There is no breach of covenant in such a case. Both parties to the contract of agency may be acting in perfect good faith, and yet the agent's business may be ruined by this competition. The usual method by which these goods are obtained by those who undersell the authorized agent, is by inducing some one of those under contract with the manufacturer to keep up the price, to sell at a less price than that specified in these contracts. What is then the relationship of the manufacturer to him who has thus broken his agreement, and to the third person who has bought the goods and induced the seller to break his contract?

These contracts often specify that the buyer shall sell only in certain specified places. For instance, the owner of

¹⁹ App. Cas. 495-1901.

a well-known spring of mineral water in Hungary had the exclusive right to export and sell the water in Great Britain and America. Defendant, having applied to the owner to purchase bottled water, and having been refused, and notified of complainant's rights, purchased in Germany bottles bearing a cautionary notice that the water was not to be exported, and sold them in the United States at a lower price than the complainant's. The defendant was not chargeable with unfair competition for so doing, and the complainant was without remedy.²⁰

In *National Phonograph Co., Ltd. v. Edison-Bell, etc., Co., Ltd.*,²¹ plaintiff sold goods to wholesale dealers under a contract that they should sell only to dealers who had signed a retailers' agreement to the effect that the retailers would not sell at less than list prices. The defendant obtained plaintiff's goods from one who had signed this agreement, and defendant was one of those to whom retailers had agreed not to sell. Defendant also hired persons to impersonate independent dealers and so obtain goods of plaintiff for his own use, and paid the prescribed price through these persons. Held, that the dealings between the defendant and the retail dealer did not give any right of action to the plaintiff, as no actual contract between the retailer and the plaintiff

²⁰ *Apollinaris Co., Ltd. v. Scherer*, 27 Fed. 18-1886 (C. C. S. D. N. Y.).

²¹ 1 Ch. 335-1908; *National Phonograph Co., Ltd. v. Edison-Bell Consolidated Phonograph Co., Ltd.*, 24 T. L. R. 201-1907. Ell, a dealer bound by a conditional contract for sale of goods of plaintiff, sold to an agent of the defendant, who was on the "suspended list" at trade discount prices. There was no proof that the defendants incited or procured Ell to violate his contract. Nor was their conduct proven malicious. There was proof that agents of defendant represented themselves as independent dealers and gave fictitious names and addresses. This

resulted in sales being made under misapprehension. The makers were intentionally misled. Lord Kennedy sums it up thus: "If A, who knows that B, the producer of an article, has stipulated in selling it to C, the factor, that he shall not resell it to A, procures by an intentional misrepresentation to C a sale to himself, he has committed toward B an actionable wrong (provided that B can prove he has been thereby damaged, although in the particular circumstances B may have no cause of action against C in respect of the transaction." Injunction as to the agent's acts was granted, but not as to Ell's acts.

was shown, but the acts of the defendant in inducing the wholesalers by fraud and deceit to sell in breach of their contract with plaintiff, was an interference with contract, within the meaning of *Allen v. Flood*,²² and *Quinn v. Leathem*.²³ Injunction and damages were granted.

The National Phonograph case differs from some American cases in that there the wholesaler did not know when he made the objectionable sales he was breaking his contract. One of the judges in that case contended that there was no breach of the contract because of this fact; although he says (p. 368): "If A, who knows that B, the producer of an article, has stipulated in selling it to C, the factor (or wholesaler), that he shall not resell it to A, procures by an intentional misrepresentation to C, a sale to himself, he has committed an actionable wrong (provided that B can prove he has been thereby damaged), although in the particular circumstances B may have no cause of action against C in respect of the transaction." In this case it is to be noted also that there is no consideration given to the character of the property of the maker whether he be a patentee or not.

As a general proposition there seems to be no rule of law or equity which can invalidate the title of one who thus buys of one who has agreed not to sell on the terms on which the sale is made. If one makes an offer of purchase to a party to such a contract, without using any fraudulent representations and, through the financial attractiveness of the offer he makes, induces the breach of the contract, it would seem there is no ground on which the buyer can be enjoined or held responsible for interference with contract, when there is no particular property right in the original owner of the goods, such as that given by patent laws to patentees.

§ 188. Inducing Breach of Contracts for Sale of Goods Made by Secret Process.—In cases dealing with goods made by a secret formula, equity will not restrain one dealer from persuading another to break a contract which the latter has made with the manufacturer, which contract provides that the dealer shall sell only at a price, and to customers specified by the manufacturer. Such contracts are made frequently in

²² App. Cas. 1-1898.

²³ App. Cas. 495-510-1901.

the attempt to keep up prices and eliminate competition. When such a sale is made violating a contract of this sort, or if the maker himself sells in the agent's territory, a purchaser acquires an absolutely good title as against the agent and maker, and he may do with the goods as he will. This is true, although the buyer knew at the time of the existence of a contract which forbade the agent to sell to him. The bar to relief against such competition is the good title which a buyer of personal property gets under such circumstances.²⁴

This rule does not apply to patented articles, and probably not to copyrighted articles, during the life of the patent or copyright.²⁵ The monopoly given by the statutes governing patents and copyrights controls in such cases, and the maker may sell under such conditions as he will. But the rule does apply to goods made by secret processes. There no monopoly exists. Contracts to limit alienation of personal property made by the process because it is secret, are invalid. The product of a secret process, once sold by the maker, is on a par in the market with sugar or grain, and may be dealt in by anyone. The Circuit Court of Appeals has recently distinguished contracts dealing with the secret formula itself, from those dealing with the product of the formula, because the goods when ready for the market, may be owned by someone quite distinct from the owner of the formula.²⁶ The court says: "Contracts in respect of a restricted use of the formula are not within the rule against restraint (of trade), because of the character of the property right in such a secret. There can be no unrestricted use, before discovery by fair means, to which the owner does not consent, and then only at the expense of the destruction of its commercial value as a secret; but this is not the case with contracts which affect only traffic in the manufactured product of the secret formula. Freedom of traffic in that is consistent with its value, and does not involve exposure of the formula" (id. p. 32). This

²⁴ *Apollinaris Co. v. Scherer*, 27 Fed. 18-21-1886 (C. C. S. D. N. Y.).

²⁵ See *Bobbs-Merrill Co. v. Straus*, 210 U. S. 339-1907.

²⁶ See full discussion in *John D. Park & Sons Co. v. Hartman*, 153 Fed. 24-1907 (C. C. A. 6th Cir.); 12 L. R. A. N. S. 135 note.

case would seem to hold that there could be no interference with contracts relating to the product of a secret; but that there could be such interference with a contract relating to the secret itself, and that interference with a contract as to the secret itself would be enjoined. This is the general rule.

Where one communicates a secret formula, and contracts that the parties shall enjoy a monopoly of it in a certain region and that the product of it shall not be sold below a certain price, and a third person sells it in these limits, an account will be directed.²⁷ One who procures a wholesaler or retailer, who is under contract with a maker to sell goods made by secret process only under certain conditions, to violate these conditions will be enjoined. Such conditions are usually against selling below a fixed price, or to persons not nominated by the manufacturer. It is said that the defendant is intentionally doing another a legal injury by tempting and persuading him to break a contract or to commit a breach of a trust, under which the goods were delivered to him.²⁸

In *Wells & Richardson Co. v. Abraham*,²⁹ complainant was a manufacturer of a proprietary medicine which it sold only to wholesale dealers, who in turn agreed to sell only at a fixed price and only to such retail dealers as had contracted with complainant to retail the medicine at a stipulated price. Defendants were retail merchants who had not contracted with complainant at all, but purchased from dealers who thus sold in violation of their agreements with complainant. Defendants then sold at a cut price. Held, that complainant was entitled to an injunction restraining defendants from inducing any dealer to violate his contract with complainants by selling to defendants. "A is intentionally doing B a legal injury. C intentionally induces A to do the injury. He solicits that it be done. He pays money to the doer of it, to tempt him to do the act; that is, A and C unite, connive, agree to procure A to break his contract, so that C may get complainant's goods, which the latter had committed to A, upon the trust that they shall not be delivered to C and others

²⁷ *Fowle v. Park*, 131 U. S. 88-1889; 33 L. ed. 67; 9 Sup. Ct. 658.

²⁸ *Wells & Richardson Co. v. Abra-*

ham, 146 Fed. 190-1906 (C. C. E. D. N. Y.); affirmed in 149 Fed. 408.

²⁹ 146 Fed. 190-1906.

similarly situated. In such an instance, the law should have sufficient inherent integrity to enable it to lay fast hold of A and C, and stop both such deliberate breach of obligations and the advantages that persons implicated in it are gaining. * * * No sane conscience can justify one man inducing another to betray a legal obligation. * * * The very vital wrong is that, the defendants have obtained and are obtaining the goods by inducing others, not entitled to sell to them, to make sale to them, whereby the defendants come into possession by doing the complainant a legal injury, a wrong, that makes such possession wrongful. * * * The law of the land accords with good morals." Thomas, J. (pp. 193, 194). This language has been affirmed.³⁰

This decision is not followed in *John D. Park & Sons Co. v. Hartman*,³¹ on the ground that the validity of the contracts involved was not denied, while in the latter case the contract between maker of goods, the owner of the secret, and the wholesaler was held invalid on the ground that there is nothing in the character of a trade secret similar to the right of monopoly granted to the owner of a patent, hence the owner of a secret process cannot, by contract, prevent his vendee from obtaining absolute title.

In *Garst v. Charles*,³² plaintiff was a manufacturer of a proprietary medicine which he sold only to retail druggists under contracts by which they agreed not to sell it at less than a stipulated price. Defendant, a retail druggist, knowing of the terms on which plaintiff sold his medicine, procured a third person to buy a quantity on those terms and then to turn it over to defendant at cost, whereupon defendant advertised and sold the article at a cut price. Plaintiff was granted an injunction restraining defendant from selling such medicine as he had already procured, except at the regular price, and enjoining him also from thereafter inducing other persons to purchase from the plaintiff, and to resell to the defendant in violation of their contracts with plaintiff.

In *Wells & Richardson Co. v. Abraham*³³ the defendants

³⁰ 149 Fed. 408-1906 (C. C. A. 2d Cir.).

³¹ 153 Fed. 24-1907; 12 L. R. A. N. S. 135 note.

³² 187 Mass. 144-1905; 72 N. E. 839.

³³ 146 Fed. 190-1906; affirmed in 149 Fed. 408.

obliterated or mutilated the marks upon packages before offering complainant's goods for sale, and it was held that this act constituted sufficient evidence of connivance and participation in the breach of the contract.

Other similar cases, also involving the sale of proprietary medicines, are *Doctor Miles Medical Co. v. Platt*³⁴ and *Doctor Miles Medical Co. v. Jayne Drug Co.*³⁵ In some similar cases the question was raised whether the contracts were not invalid as in restraint of trade, but this question is not considered to be within the scope of this book. A somewhat analogous case was *Bobbs-Merrill Co. v. Strauss*,³⁶ which is mentioned below; but as it was found there that no contract existed, so that there was no inducing of the violation of any contract, the case is hardly an authority, though valuable for the discussion in the opinion.

Where the contract is personal in character to a greater extent than in the cases just discussed, an injunction has been granted. In *Sperry & Hutchinson Co. v. Mechanics' Clothing Co.*³⁷ the complainant was engaged in the business of selling and redeeming trading stamps which it sold to merchants under a special contract by which the purchasers agreed not to dispose of them except in the regular course of retail trade. The defendants acquired a quantity of stamps from merchants who disposed of them to the defendants in violation of their special contracts with the complainants. The defendants were reselling these stamps to other merchants who were already under contract to purchase only from the complainants, and were enjoined. Speaking of this decision and of the railroad ticket cases, Lurton, J., in *John D. Park & Sons Co. v. Hartman*,³⁸ says: "These cases 'rest upon the peculiar character of the property rights involved. Neither of these cases concern the buying and selling of articles of general commerce, and both relate to things in the nature of contracts personal in character, and not to things which can ever become the subject of general trade and traffic.'"

³⁴ 142 Fed. 606-1906 (C. C. Ill.).

³⁵ 149 Fed. 838-1906 (C. C. Mass.).

³⁶ 147 Fed. 15-1906 (C. C. A. 2d Cir.).

³⁷ 128 Fed. 800-1904 (C. C. R. I.).

³⁸ 153 Fed. 24-31-1907 (C. C. A.

6th Cir.); 12 L. R. A. N. S. 135 note.

§ 189. **What Interference with Contractual Relations in General is Legitimate.**—Some methods of bringing pressure to bear are quite legitimate, though the result may be to divert a rival's trade. Under certain circumstances one may have a perfect right to threaten a class of persons with withdrawal of patronage, or with some other disadvantage, if they deal with a rival. The House of Lords has held that it is not unlawful to outbid a competitor in rates.

In the case of *Mogul SS. Co., Ltd. v. McGregor, Gow & Co.*,³⁰ an association of shipowners, to secure to themselves a certain carrying trade, agreed that the number of ships and rate of freight should be regulated by agreement between themselves, and offered a rebate to shippers who would agree to ship only by their vessels. Other shipowners not belonging to the defendant's association sent ships to load at a port covered by the agreement, and defendants sent extra vessels to the same port, underbid plaintiffs for freight, reduced rates so low that plaintiffs could not get a remunerative rate, threatened to dismiss certain of their agents if they loaded plaintiffs' vessels, and notified shippers that they would not receive the usual rebate if they shipped by plaintiffs' ships. The defendants were held not liable in an action for damages, for the court considered they had been actuated by the lawful purpose of increasing their own trade and profits, and had used no unlawful means.

A retail lumber dealers' association agreed not to deal with any wholesale dealer who sold direct to consumers; and it was the duty of the secretary to report all such sales to the members of the association. A member having sold to consumers, the secretary imposed the fines fixed by the rules of the association and threatened, if they were not paid, to report the transactions to all the members of the association. The member then brought action for an injunction forbidding the giving of the proposed notice and forbidding the defendants to combine to hinder or limit plaintiff's sales. An injunction was granted, but on appeal was dissolved; the court holding that any man might refuse to deal with any other man or class

³⁰ App. Cas. 25-1892.

of men, and that any number of men might agree to exercise such right jointly.⁴⁰

It is lawful, according to the Texas court, for an employer of laborers who also kept a store, to forbid his men, on the pain of discharge to trade at a store kept by another. In so doing he is merely seeking to build up his own business to a certain extent at the expense of the other storekeeper.⁴¹

§ 190. Interference with a Competitor's Business Generally.—There are many ways, other than by interference with contract, of harassing, interfering with, and obstructing a competitor in such a manner as to amount to unfair competition, in the broadest sense of the term. The business of another may be unlawfully obtained by harassing his customers and salesmen, just as effectively as by passing off his goods as those of another.⁴² Certain of these methods are mentioned below.

A hotel keeper made a contract with B., a hack driver, to have him meet trains and carry passengers to his hotel. On the termination of the contract with B a similar one was made with M., but B. continued to use the name "Revere House" on his cabs and carriages. On suit brought by M., B. was enjoined.⁴³

§ 191. Interference with Salesmen of a Competitor.—In *Evenson v. Spaulding*,⁴⁴ Spaulding manufactured buggies and wagons in Iowa and sold them, through itinerant salesmen, to farmers and others in the state of Washington. A voluntary association, composed principally of dealers in hardware and farming implements in the state of Washington, existed, the object of which was to induce farmers and others to limit their trade to dealers within the state. This association employed agents to follow closely Spaulding's salesmen, to interrupt

⁴⁰ *Bohn Mfg. Co. v. Hollis*, 54 Minn. 223-1892; 55 N. W. 1119; 21 L. R. A. 337.

⁴¹ *Robinson v. Texas Pine Lands Assn.*, 40 S. W. 843-1897 (Tex. C. C. A.).

⁴² *Sperry & Hutchinson Co. v. Louis Weber & Co.*, 161 Fed. 219-1908 (C. C. Ill.). Complainant held

entitled to injunction to prevent defendant from interfering in its business of issuing trading stamps by inducing the violation of contracts with it.

⁴³ *Marsh v. Billings*, 7 Cush. 322-1851.

⁴⁴ 150 Fed. 517-1907 (C. C. A. 9th Cir.); 9 L. R. A. N. S. 904 note.

their conversations with farmers, and dissuade the latter, by false statements and otherwise, from buying Spaulding's goods, and in various ways to intimidate and interfere with the salesmen. The agents of the association very rarely offered any buggies or wagons for sale; and hardly any of the members of the association dealt in buggies. This was held an unwarranted attempt to destroy complainant's business, and an injunction *pendente lite* was granted.

§ 192. Interference by False Representations to Customers.—An injunction was issued against the Standard Oil Co. in 1904 because of very similar conduct on its part.⁴⁵ Its agents attempted to ruin the business of one Doyle by making false representations to his customers, and by threats and intimidation. It also harassed his employees by following and interfering with them, and offering his customers oil at a lower rate, or for nothing. So also a preliminary injunction has been granted restraining persons who threatened complainant's booking agents with loss of business controlled by defendant if they continued to sell complainant's tickets.⁴⁶

Intimidating customers, as by a show of violence, such as firing cannon, has been held actionable. In *Tarleton v. M'Gawley*,⁴⁷ an action was allowed against a rival trader who, by firing cannon, had frightened away natives on the African coast, and thus prevented plaintiff from trading with them.

§ 193. Interference by Bringing a Multiplicity of Suits.—The bringing of a multiplicity of suits, started not in good faith but for the purpose of deterring the public from purchasing from a rival and of ruining his trade, has been enjoined in Wisconsin. Where a large number of infringement suits were brought, the prosecution of them was restrained until the questions involved had been determined in the principal suit, the object of the multiplicity of suits being found to be to harass a rival manufacturer and destroy his business. "Instances are not wanting," says Quarles, D. J., "where patentees make illicit use of the courts as in-

⁴⁵ *Standard Oil Co. v. Doyle*, 118 Ky. 662-1904; 82 S. W. 271.

⁴⁶ *Peake N. P.* 205-1793.

⁴⁷ *Lloyd Sabaudo v. Cubicciotti*, 159 Fed. 191-1908 (C. C. Pa.).

strumentalities of oppression; bring a multiplicity of suits, purposely scattered through the circuits, not for the honest purpose of securing an adjudication in support of the patent, but to crush a rival manufacturer by creating a stampede among his customers; alarming them by circulars breathing threats of prosecution, denouncing the product of the rival concern as an infringing device, at the same time taking no step to bring any of the numerous suits to final hearing.''⁴⁸

⁴⁸ *Commercial Acetylene Co. v. Avery Portable Ltg. Co.*, 152 Fed. 642-45-1906 (C. C. Wis.).

CHAPTER XIV.

LIBEL AND SLANDER OF BUSINESS NAMES AND REPUTATION, AND OF GOODS; FALSE REPRESENTATION; THREATS OF PROSECUTION, ETC.

SECTION 194. English procedure statutes as related to injunction.

195. Did equity have jurisdiction to enjoin libels prior to the Act of 1873?

196. Summary.

197. Importance of this question in the United States.

198. Difference between trade libel and personal libel.

199. American cases.

200. Case of *Kidd v. Horry*.

201. Right to restrain issuing of circulars to customers — Case of *Emack v. Kane*.

202. Theory that threats of prosecution must be shown to warrant issuance of injunction.

203. Intent to intimidate customers, not to fairly warn them, is a necessary element of this kind of a proceeding to enjoin.

204. Circulars giving notice of pendency of suit for unfair competition are legal.

205. Trade libels not libelous *per se*.

206. Preliminary injunction should issue, when the plaintiff's right is so clear as to be practically (or is actually), as by demurrer, conceded.

207. Statutes as to libels do not oust equity of jurisdiction.

The law relating to libel and slander of goods, trade names, and business credit is most interesting from an historical standpoint, as well as from the fact that the decisions on the questions involved are far from unanimous. Many of the cases place squarely before the court a state of facts showing beyond a doubt that one of the parties to the action is suffering continuous and irreparable damage to his business or credit, by reason of malicious misrepresentations made by the other. It should be, and undoubtedly is, the impulse of a court of equity in all such cases, to give quick relief to the injured party by injunction against further use of the damaging words. This is not often done, however, as the court is at once brought face to face with the various constitutional provisions by which trial by jury is required in all cases of libel

and slander, and in some instances the jury is made the judge of both law and fact.¹ There are decisions both ways as to the jurisdiction of equity to grant relief by injunction against false statements as to trade and merchandise. The problem in these cases is to uphold the rights of free speech and free press, and still to prevent the fraud, loss, and injustice which arise from defamation of merchandise, credit, and trade.

The reputation and credit of business men are, perhaps, no more important and no more valuable, in many instances, nowadays than fifty or a hundred years ago. But it must not be forgotten that the malicious and unscrupulous competitor has at his hand to-day, a hundred means of injuring his rival, where formerly he had one. Half a century ago credit was not the sensitive thing that it is to-day, and credit agencies and trade journals were little known. Mails were slow and sending letters was expensive; advertising was in its infancy. To-day, the many newspapers, cheap postal rates, cheap printing, and cheap transportation, give an unscrupulous trader many swift ways of blasting his rival's trade reputation almost before it is discovered that he has begun his nefarious operations.

Therefore, one studying the decisions dealing with this question should not forget this change in conditions; and, while it is true equity does not attempt to relieve every wrong, it is also true that it always does relieve so far as is possible. It also adapts itself to new conditions when it can do so consistently with its fundamental principles.

§ 194. English Procedure Statutes as Related to Injunction.—The necessity for quick relief in such cases as these has been recognized and provided for in England. The statutes of 1854 and 1873 have given to courts of both law and equity the right to grant injunctions in cases of libel and slander, by giving to the chancery courts the power to try libels, and to the law courts the power to issue injunctions. The Common Law Procedure Act of 1854^{1a} enacted that: "In all cases of breach of contract or other injury, where the party injured is entitled to maintain, and has brought an action, he may * * * claim a writ of injunction against

¹ N. Y. Const., art. 1, § 8.

^{1a} 17 & 18 Vict., chap. 125.

the repetition or continuance of such breach of contract or other injury," etc.—and "in such action judgment may be given that the writ of injunction do, or do not issue as justice may require;" and further "the plaintiff may at any time after the commencement of his action, apply *ex parte* for an injunction."

This statute gave the judges of the common law courts the power to issue injunctions, in the cases specified, to prevent a repetition or a continuance of the injury for which the suit was brought. It did not change the powers of chancery. "Although the power (of courts of common law to issue injunctions) had existed since 1854 (by reason of the Procedure Act of that year), there is no reported instance of its exercise by a court of common law till *Saxby v. Esterbrook* in 1878."²

The Judicature Act of 1873³ enacted that the High Court of Justice should have and exercise "the jurisdiction which, at the commencement of this act, was vested in or capable of being exercised by all or any one or more of the judges in the common law courts, respectively, sitting in Court or in Chambers, or elsewhere, when acting as judges or a judge in pursuance of any statute, law, or custom; and all powers given to any such court or to any judges or judge, by any statute; and also all ministerial powers, duties, and authorities incident to any and every part of the jurisdiction so transferred." Section 25, subsection 8, Judicature Act of 1873, reads: "A mandamus or an injunction may be granted or a receiver appointed by an interlocutory order of the court in all cases in which it shall appear to the court to be just or convenient that such an order should be made; and any such order may be made either unconditionally or upon such terms and conditions as the court shall think just; and if an injunction is asked, either before, or at, or after the hearing of any cause or matter, to prevent any threatened or apprehended waste or trespass, such injunction may be granted, if the court shall think fit, whether the person against whom such injunction is sought is or is not in possession under any claim of title or otherwise," etc.

² Lord Coleridge in *Bonnard v. Perryman*, 2 Ch. 269—1891. ³ 36 & 37 Vict. c. 66, § 16.

§ 195. Did Equity Have Jurisdiction to Enjoin Libels Prior to the Act of 1873?—It is probable that the English Court of Chancery had jurisdiction, prior to both of these acts, to forbid the publication of false and malicious statements regarding the quality of merchandise, methods of manufacture, and the like — acts which, in brief, are usually referred to as trade libels. The Court of Star Chamber granted injunctions against libels;⁴ Lord Ellenborough said in *Du Bost v. Beresford*⁵ that the exhibiting of a painting might be enjoined; in *Burnett v. Chetwood*,⁶ the translation of a book from Latin to English was forbidden. In *Gee v. Pritchard*,⁷ Lord Eldon prohibited the publication of copies of letters from copies secretly taken before they were returned to the writer, and the reporter's note refers to 4 Burrow's 2331–1769, where counsel speak of two unrecorded cases holding the same way, and said (p. 413): "The question will be, whether this bill has stated facts of which the court can take notice as a case of civil property." This decision is approved by Judge Story.⁸ In *Emperor of Austria v. Day and Kossuth*⁹ a libel was enjoined, probably on the ground of property rights. In *Routh v. Webster*¹⁰ the defendants were restrained from publishing in a prospectus that plaintiff was trustee of a joint stock company, the court here probably acting on the ground of plaintiff's property rights. Doctor Clark attempted to stop a quack from selling "Sir James Clark's Consumption Pills," in *Clark v. Freeman*.¹¹ but an injunction was refused on the ground that the court could not stop the publication of a libel. In *Seeley v. Fisher*¹² an injunction against an advertisement was refused because no claim of exclusive property was made by plaintiff.

In *Donaldson v. Beckett*¹³ it is stated that one class of injunctions issuing out of chancery is "injunctions for printing unpublished manuscripts without license from the author."

These cases are the English cases on this point prior to the decision of Malin, V. C., in 1869 in *Dixon v. Holden*,¹⁴ where

⁴ Hudson's Star Chamber.

⁵ 2 Campb. 511–1810.

⁶ 2 Merivale 441–1720 nota.

⁷ 2 Swanst. 403–1818.

⁸ 2 Story Eq. Jur. § 948.

⁹ 3 De G. F. & J. 217–1861.

¹⁰ 10 Beav. 561–1847.

¹¹ 11 Beav. 112–1848.

¹² 11 Sim. 581–1841.

¹³ 2 Brown's Parl. Cas. 129–1774.

¹⁴ L. R. 7 Eq. 488–94–1869.

he said: "I beg to be understood as laying down that this court has jurisdiction to prevent the publication of any letter, advertisement, or other document, which, if permitted to go on, would have the effect of destroying the property of another person, whether that consists of tangible or intangible property, whether it consists of money or reputation."

The facts of this case are stated by this same vice-chancellor in *Thorley's Cattle Food v. Massam*.¹⁵ "Mr. Dixon was a merchant of great repute in Liverpool, and he happened to employ a solicitor of that town; that solicitor thought fit to quarrel with him about his bill of costs, or something of that kind, and he persisted in stating day after day, in newspapers and placards over the town, that Mr. Dixon had been a member of an insolvent firm which had failed, and that it was treated as a fraudulent firm; if that were true Mr. Dixon's character and reputation as a merchant were gone." The opinion was in part as follows: "I am told that a court of equity has no jurisdiction in such a case as this, although it is admitted it has jurisdiction when property is likely to be affected. What is property? One man has property in lands, another in goods, another in a business, another in skill, another in reputation; and whatever may have the effect of destroying property in any one of these things (even in a man's good name) is, in my opinion, destroying property of a most valuable description. But here it is distinctly sworn to, and cannot be denied that the effect of this will be seriously damaging to the plaintiff's business of a merchant. Now, the business of a merchant is about the most valuable kind of property he can well have. Here is the source of his fortune, and therefore to be injured in his business is to be injured in his property. But I go further, and say if it had only injured his reputation, it is within the jurisdiction of this court to stop the publication of a libel of this description which goes to destroy his property or his reputation, which is his property, and, if possible, more valuable than other property" (*id.* p. 492).

In reading this case it should be remembered that the act of 1854 did not in any way enlarge the power of the Chancery

¹⁵ L. R. 6 Ch. Div. 582-87-1877, 14 Ch. Div. 762-1880.

Court in which this proceeding was brought. Hence, this decision was an announcement of an enlarged jurisdiction of chancery. To this proposition Malins, V. C., clung consistently against much opposition, and it now seems as if his view was to be adopted, although in *Mulkern v. Ward*,¹⁶ and in *Prudential Assurance Co. v. Knott*,¹⁷ *Dixon v. Holden* was adversely criticised.

In 1873 came the Judicature Act, which gave power to the Chancery Court to try libels, but a study of the decisions rendered subsequent to the act seems to show that the doctrine developed in a large degree spontaneously regardless of this statute.

This review of the English cases has been given to show that the conception of the powers of the Chancery Court has been a growth — a natural development of the past sixty years, and not the result of statute.

Following the act of 1873 came *Thorley's Cattle Food Co. v. Massam*,¹⁸ *Day v. Brownrigg*,¹⁹ *Hill v. Hart Davies*,²⁰ and other cases, all influenced in a greater or less degree by the act of 1873.

§ 196. Summary.— Examination of the English cases of this character seems to warrant the following deductions:

(1) Regardless of any statute, equity has jurisdiction to protect business property from injury inflicted by publication of false statements — at the same time being “keenly alive to the difficulty, which varies greatly with the circumstances of each case, in framing an injunction which will protect the plaintiff without unduly restricting free speech.” The court said in *Collard v. Marshall*,²¹ on a motion for *interim* injunction, Chitty, J., that “The Court of Chancery, before the Judicature Act, had power to intervene by injunction to protect property, but not to protect character; it had no power to try a libel. Since the Judicature Acts, the chancery division has, on motion, granted injunctions restraining the further publication of false statements calculated to injure a man’s

¹⁶ L. R. 13 Eq. 619-1872.

¹⁷ L. R. 10 Ch. App. 142-1875.

¹⁸ L. R. 6 Ch. Div. 582-1877; 14 Ch. Div. 762-1880.

¹⁹ L. R. 10 Ch. Div. 294-1878.

²⁰ L. R. 21 Ch. Div. 798-1882.

²¹ 1 Ch. 571-1892, at p. 577.

trade. See *Thomas v. Williams*.²² The court always acts with the greatest caution, and is keenly alive to the difficulty, which varies greatly with the circumstances of each case, in framing an injunction which will protect the plaintiff without unduly restricting free speech" (id. p. 577). This action was to restrain a placard, which was as follows: "A strike is now on at C. & C.'s against cheap labor and the sweating system of contract work," and Chitty, J., allowed a statement that a strike against a system of contract labor, or the employment of an undue proportion of boys, was on at C. & C.'s.

(2) Before the act of 1854 equity could enjoin injury to property, and the jurisdiction of chancery in that regard was not altered in any way by that act.

(3) A man's interest in the names of his merchandise, in his trade name, and in the reputation of his business is property which a court of equity will protect from destruction or injury.

The present condition of the law in England is well summed up by Mr. Folkard in "The Law of Libel and Slander:"²³ "It appears, therefore, that (independently of the statute cited, viz.: acts of 1854 and 1873), both upon principle and authority, the jurisdiction rests on the injury to property, such injury being actual or prospective; but where the injury complained of is that of defamation of character only, there is no principle of law nor rule of equity conferring jurisdiction to restrain it by injunction. If, however, the publication is, or would be, if persisted in, injurious to property, or if it amounts to a contempt of court, it may be restrained by interlocutory injunction; and not the less so because it is also libelous."

That other courts than the law courts should have jurisdiction of libel and slander accords with the history of the law of defamation. In very early times the ecclesiastical, Star Chamber and seignorial courts tried most of these cases. At first the law courts had no remedy for defamation. "And it is not used in this realm that pleas of defamation should be pleaded in the King's Court."²⁴

²² L. R. 14 Ch. Div. 864-1880.

²³ Rat. Parl. 1-133.

²⁴ London, 1908, p. 327.

The early cases distinguished between spiritual and temporal defamations. Most of these cases dealing with defamation of a person's livelihood, office, or business, related to callings connected with the administration of justice; as defamation of judges or attorneys, calling merchants bankrupts and so bringing them under the bankruptcy statute. The idea that damage to a man's trade or business was a ground of action probably arose after the ecclesiastical courts lost their power, as such a loss related to temporal, nonspiritual affairs.

The Star Chamber Court finally obtained large powers as regards these cases. It drew its precedents not from the common law but through the influence of its ecclesiastical members from the civil law, and the rules of law thus created were first set forth in the case of *De Libellis Famosis*.²⁵

It is said Scroggs was impeached for trying to introduce the practice of enjoining libels into the Court of King's Bench.^{25a}

§ 197. Importance of this Question in United States.—

It must be remembered that none of the cases *subsequent* to 1873 are of much value in America. All cases, in other words, decided after the act of 1873 are not in point because of the existence of that act, which enlarged the jurisdiction of English chancery and so gave the court powers which American equity courts do not possess. But it is most important to the American courts to know whether or not the English Chancery Court had original jurisdiction, before the statutes to enjoin the utterance of trade libels; for both American and English equity courts are the development of the old English Chancery Court. If, therefore, that original Chancery Court did have the power to issue such injunctions, the American Equity Court is not using one of its most important weapons.

Before the Judicature Acts the Court of Chancery undoubtedly did not claim to have power to try a libel, using that term in its usual legal sense; but that is not the question first to be considered. Rather it must first be decided if the acts included in the misleading term "trade libel" are really libels at all.

§ 198. Difference Between Trade Libel and Personal Libel.

— This question is not now important in England, as the stat-

²⁵ 5 Coke 125a.

^{25a} "Judges of England," Foss.

utes referred to have cleared all obstacles out of the way of the court and quick relief can there be afforded in these cases by injunction; but in America the strict construction of the term "libel" has governed; and all false statements, whether as to trade and merchandise or as to character, are measured up to the same rules of procedure and remedy. Hence it is important here in the United States to know if there be any distinction between character libel and trade libel. If there is such a distinction, it may be possible to secure relief by injunction in cases where, in the past, the suitor has been turned away from an equity court, and left to seek relief against one who is doing him serious and constant injury through an action at law.

If there be a difference between trade libel and character libel, it is to be found in their relation to personal rights. A libel of a man's personal reputation involves his good name. That vitally concerns his standing among men, and the repute of himself and his family in the community. On the other hand, to publish a statement that the ejector device of the rifle which he sells is defective has no such effect.

False statements as to merchandise or trade are made for the purpose of getting a rival's trade away from him. They do not often involve any criticism of his character, impute to him any loathsome disease, or charge him with crime, or defect in character, in the sense in which such criticism could be construed as libel. To say something of another falsely "which may impair or hurt his trade or livelihood, as to call a tradesman a bankrupt, a physician a quack, or a lawyer a knave" ²⁶ is undoubtedly libel. To so speak of a person is to discredit him among his fellows, to deprive him of his neighbors' respect and confidence — to brand him as unfit to share in the life of those about him. To say falsely that a rival is infringing one's patent; that a newspaper is not of a class specified by statute for publication of certain advertising; ²⁷ or that plaintiff's safes could be easily opened, — ²⁸ is not a libel in

²⁶ Blackstone, Bk. III, c. VIII, § 5.

²⁷ *Victor Safe & Lock Co. v. De-*

Le Massena v. Storm, 62 App. *right*, 147 Fed. 211-1906 (C. C. A. Div. (N. Y.) 150-1901; 70 N. Y. 8th Cir.).
Supp. 882.

the usual meaning of the term. It is a false and fraudulent statement, made to obtain unfairly the business of another. Persons who use such words or phrases should be enjoined at once. If these words are to be classed strictly as libels, special damages must be shown to have resulted from their use, and it may be difficult, if not impossible, to show such damage except after a considerable period. But it is not difficult usually to prove their falsity, and an equity court, if convinced of the falsity of the statements made, should put an end to them by injunction.

Damages at law may afford adequate recompense and relief for either a single utterance of a libel or for many utterances of a libel against character. Once a statement has been made that a person is guilty of a crime, or that a doctor is a quack, the damage is done. The libeled person can recover damages; a jury can at once, or after a lapse of two or three years, put an estimate on the injury suffered by the false statement. The statement that a man's patent is invalid, or that the ejector of a rifle he manufactures is defective, made once may, and probably would, cause a damage which could not easily be estimated accurately, and usually because the damage would be very slight from a single statement of that sort, but that it might well be very large in total cannot be denied. Any adequate relief against such statements must put a stop to them at once. Customers must not be continually frightened if business is to prosper.

This is the reason for the statement in 22 Cyclopaedia of Law and Procedure ("Cyc.") 901, that "a distinction is taken between false statements made maliciously and those made in good faith; and this class of cases hold that the injunction will be granted where malice or a wilful purpose to inflict injury is present" (citing cases).

The decision of the Massachusetts court that breach of trust or of contract is necessary to give equity jurisdiction to restrain "representations as to the character and standing of the plaintiff, or as to his property by a mercantile agency, although such representation may be false,"^{28a} is to the same effect.

^{28a} *Raymond v. Russell*, 143 Mass. 295-96-1887; 9 N. E. 544.

Speaking before the Patent Law Association, in 1899, Mr. C. E. Pickard says²⁹ as to the value of an action at law against one who issues circulars making accusations of infringement against rivals: "Of course if he can prove that the circulars in question are false and maliciously uttered and that he has been actually damaged thereby, the manufacturer may, by a suit at law, recover such damages as he can prove he has actually sustained, * * * How difficult — how practically impossible — it generally is to prove such actual damages is obvious to any to whose attention the matter has been brought and need not be discussed here. The advice we are compelled to give is that "the game is not worth the candle." Some means should be provided by which this evil may be checked at the source."

§ 199. **American Cases.**—An early New York case³⁰ held that, in the absence of an allegation of injury to plaintiff's property, a libel would not be restrained. The motive in this case was malice and revenge, rather than trade rivalry, and the libel was a personal, and not a trade libel, but the opinion of Chancellor Walworth is in point here and contains a summary of early English cases dealing with applications to enjoin libels. In *Singer Manufacturing Co. v. Domestic Sewing Machine Co.*³¹ an injunction was sought against the publication of the false statement that defendant's machine, instead of complainant's, had been decided at a state fair to be the best domestic machine. "It is well settled," say the court in this case, "that an injunction will not be granted to restrain slander or libel of title, or of reputation."³² Not that it is not a wrong, not that the wrong might not be irreparable, but simply because courts of chancery in the exercise of the extraordinary powers lodged in them have uniformly refused to act in such a case, leaving parties to their remedy at law." Later, speaking of the acts of the defendant, the court remarks that they "are calculated to injure the credit of the

²⁹ Proceedings of Assn., 312-1884-1900.

³⁰ *Brandreth v. Lance*, 8 Paige 24-1839.

³¹ 49 Ga. 70-1873.

³² Citing *Martin v. Wright*, 6 Sim. 297-1833; *Clark v. Freeman*, 11 Beav. 112-1848; *Seeley v. Fisher*, 11 Sim. 581-1841.

complainant's business and advance the business of the defendant. If a wrong be capable of redress before the courts at all, it comes more nearly within the definition of a libel or of slander concerning one's trade or business, than anything else. Equity, it must be remembered, will not enjoin every wrong. There are injuries done by one man to another which no law will remedy * * *. The principle is, that to authorize the writ there must be an irreparable injury to a property right."

In the same year, 1873, the case of *Boston Diatite Co. v. Florence Manufacturing Co.*³³ was decided in Massachusetts. Diatite was a patented material used by plaintiff to make toilet mirrors, etc., and it was a trade-mark name. Defendant made mirrors from another substance of the same nature not protected by letters patent. Defendant represented to plaintiff's customers that plaintiff was infringing patents of defendant. Injunction was refused. Said Grey, C. J.: "The jurisdiction of a Court of Chancery does not extend to cases of libel and slander, or of false representation as to the character or quality of the plaintiff's property, or to his title thereto which involves no breach of trust or of confidence." The court cites *Huggonson Case*,³⁴ *Gee v. Pritchard*,³⁵ *Seeley v. Fisher*,³⁶ *Fleming v. Newton*,³⁷ *Emperor of Austria v. Day & Kossuth*,³⁸ *Mulkern v. Ward*,³⁹ and remarks: "The opinions of Vice-Chancellor Malins in *Springhead Spinning Co. v. Riley*,⁴⁰ in *Dixon v. Holden*,⁴¹ and *Rollins v. Hinks*,⁴² appear to us to be so inconsistent with these authorities and with well-settled principles, that it would be superfluous to consider whether, upon the facts before him, his decisions can be supported. The jurisdiction to restrain the use of a name or trade-mark, or the publication of letters, rests upon the ground of the plaintiff's property in his name, trade-mark, or letters, and of the defendant's unlawful use

³³ 114 Mass. 69.

³⁴ 2 Atk. 469, 488-1742.

³⁵ 2 Swanst. 403-1818.

³⁶ 11 Sim. 581-1841.

³⁷ 1 H. L. Cas. 363-1848.

³⁸ 3 De G. F. & J. 217-1861.

³⁹ L. R. 13 Eq. 619-1872.

⁴⁰ L. R. 6 Eq. 551-1868.

⁴¹ L. R. 7 Eq. 488-1869.

⁴² L. R. 13 Eq. 355-1872.

thereof.”⁴³ Held, that there was here “no trust or contract between the parties and no use by the defendants of the plaintiff’s name; but only that the defendants made false and fraudulent representations, oral and written, that the articles manufactured by the plaintiff were infringements of letters patent of the defendant corporation, * * *, and that the defendants further threatened divers persons with suits, etc., * * *. If the plaintiff has any remedy, it is by action at law.”⁴⁴

The foregoing case was followed in *Whitehead v. Kitson*,⁴⁵ in which it was alleged that defendant falsely represented to persons likely to buy plaintiff’s patent that it interfered with a patent of defendant, resulting in loss of business to plaintiff; and it was held, that the case was not one of equitable jurisdiction and that, on authority of *Boston Diatite Co. v. Florence Manufacturing Co.*,⁴⁶ and *Prudential Assurance Co. v. Knott*,⁴⁷ the court had no jurisdiction.

In *Life Association of America v. Boogher*⁴⁸ the allegations of the bill were that Boogher had been engaged in the composition, publication, and circulation of false, etc., statements respecting the plaintiff * * * “for the purpose of injuring him, and in order to levy blackmail on the plaintiff,” and that defendant was insolvent so that a judgment against him for damages would be valueless. Held, that there was no jurisdiction to restrain the publication.

In *Mauger v. Dick*,⁴⁹ an action to restrain defendant from interfering with plaintiff’s business by threats, circulars, and suits, Dick made and sold capsules. Mauger left employ of Dick and started “American Soft Capsule Co.” And soon after Dick issued a circular stating “certain parties are infringing our trade-mark rights by seeking to place on the market imitations of our soft capsules,” etc., and threatening to punish

⁴³ Citing *Routh v. Webster*, 10 Beav. 561-1847; *Leather Cloth Co. v. American Leather Co.*, 4 De G. J. & S. 137-1863; affirmed in 11 H. L. Cas. 523-1865; *Maxwell v. Hogg*, L. R. 2 Ch. App. 307-1867; *Gee v. Pritchard*, 2 Swanst. 403-1818.

⁴⁴ Citing *Bailey v. Walford*, 9 Q. B.

197-1846; *Wren v. Weild*, L. R. 4 Q. B. 730-1869.

⁴⁵ 119 Mass. 484-1876.

⁴⁶ 114 Mass. 69-1873.

⁴⁷ L. R. 10 Ch. App. 142-1875.

⁴⁸ 3 Mo. App. 173-1876.

⁴⁹ 55 How. Pr. 132-34-1878.

“any encroachments on our rights.” Held, that “the jurisdiction of a court of equity does not extend to false representations as to the character or quality of the plaintiff’s property, or to his title thereto, when it involves no breach of trust or contract, nor does it extend to cases of libel or slander. Equitable jurisdiction to restrain the use of a name or trade-mark, or letters, rests upon the ground of plaintiff’s property in his name, trade-mark, or letters, and the unlawful use thereof.” In contrast with the above ruling note that an injunction was issued in *Croft v. Richardson*,⁵⁰ a Special Term case, against the publication of threats of prosecution for infringement, the court inferring bad faith from the language used by defendants; but this case, especially since *Marlin Fire Arms Co. v. Shields*,⁵¹ which appears to disapprove it, can hardly be considered authoritative. The decision stated that the “plaintiffs claim * * * that the defendants are publishing false and malicious libels concerning plaintiffs’ business and their business character and transaction.” This the state courts have a right to restrain.⁵² The charge was to the effect that plaintiffs are prosecuting a business which is an unlawful interference with the defendants’ rights, and are irresponsible, and hope to make something out of it before legal proceedings are taken, and that their efforts in that direction are nefarious. “This language is quite too excessive and ill chosen to convey simply information that the plaintiffs and their patrons have no right to make and sell exhibitors, and are liable to defendants for so claiming. At all events, I think it quite safe to hold that such language is satisfactory evidence of malice until the defendants commenced an action in good faith, against the plaintiffs or other parties, to vindicate the rights which the defendants claim” (p. 358).

§ 200. **The Case of Kidd v. Horry.**—In 1886, application was made to the United States Circuit Court, Joseph P. Bradley and William McKennon, Justices, in the case of

⁵⁰ 59 How. Pr. 356-1880.

(N. Y.) 210-1862; *Thorley's Cattle*

⁵¹ 171 N. Y. 384-1902; 64 N. E. 163; 59 L. R. A. 310.

Food Co. v. Massam, L. R. 14 Ch. Div. 763-1880.

⁵² Citing *Snow v. Judson*, 38 Barb.

Kidd v. Horry,⁵³ for an interlocutory injunction against "circular letters which are alleged to be libelous and injurious to the patent rights and business of the complainants; and from making or uttering libelous or slanderous statements, written or oral, of or concerning the validity of their letters patent," etc. The court admitted the question new, saying: " * * * The application seems to be altogether a novel one, and is urged principally upon a line of recent English authorities, such as *Dixon v. Holden*,⁵⁴ *Thorley's Cattle Food Co. v. Massam*,⁵⁵ *Thomas v. Williams*,⁵⁶ and *Loog v. Bean*.⁵⁷ An examination of these and other cases relied on convinces us that they depend on certain peculiar acts of parliament of Great Britain, and not on the general principles of equity jurisprudence " (id. p. 774); and then added: " We do not think that the existence of malice in publishing a libel, or uttering slanderous words, can make any difference in the jurisdiction of the court. Malice is charged in almost every case of libel, and no cases of authority can be found, we think, independent of statute, in which the power to issue an injunction to restrain a libel or slanderous words has ever been maintained, whether malice was charged or not. Charges of slander are peculiarly adapted to, and require trial by jury; and, exercising as we do, authority under a system of government and law, which by a fundamental article secures the right of trial by jury in all cases at common law, and which by express statute declares that suits in equity shall not be sustained in any case where a plain, adequate, and complete remedy may be had at law, as has always heretofore been considered the case in causes of libel and slander, we do not think that we would be justified in extending the remedy of injunction to such cases." ⁵⁸

The English cases which the court here refuses to recognize as authority binding in any way upon it, because "An examination of these and other cases relied on convinces us that

⁵³ 28 Fed. 773-76-1886 (C. C. Pa.).

⁵⁴ L. R. 7 Eq. 488-1869.

⁵⁵ L. R. 14 Ch. Div. 763-1880.

⁵⁶ L. R. 14 Ch. Div. 864-1880.

⁵⁷ L. R. 26 Ch. Div. 306-1884.

⁵⁸ Followed by Judges Cole and Carpenter in *Massachusetts & Baltimore Car Wheel Co. v. Bemis*, 29 Fed. 95-1886 (C. C. Mass.).

they depend on certain peculiar acts of parliament of Great Britain, and not on the general principles of equity jurisprudence " are *Dixon v. Holden*,⁵⁹ *Thorley's Cattle Food Co. v. Massam*,⁶⁰ *Thomas v. Williams*,⁶¹ and *Loog v. Bean*.⁶² It referred also to *Prudential Assurance Co. v. Knott*,⁶³ and *Beddow v. Beddow*.⁶⁴ The date of these decisions is vital in considering their authority; for, if the act of 1854 did not affect the jurisdiction of Chancery, and the act of 1873 did enlarge that jurisdiction, all Chancery cases before 1873 are cases which depend on the general principles of equity jurisprudence and were authorities on which the court in *Kidd v. Horry* should have acted. The court seems to have relied on cases decided after 1873, with the exception of *Dixon v. Holden*, and hence on cases which may be presumed to have been influenced by that act. It does not mention the cases decided before the act, which hold against the view here adopted by the court. It is to be noted that this was an application for an interlocutory or interim injunction. No proof appears to have been offered on the application as to the falsity of the alleged libelous statements. This case could therefore hardly be considered authority on an application at trial on proof of falsity having been given. Moreover, it does not decide what a " trade libel " is; it only lays down the rule that equity will not enjoin a libel such as the making of libelous and injurious statements as to patents and patent rights. What these statements are, of course, we do not know. This case held also that the fact that the defendant acted with malice was no ground for granting an injunction. It is followed and upheld in *Allegetti Chocolate Cream Co. v. Rubel*.⁶⁵

§ 201. Right to Restrain Issuing of Circulars to Customers — Case of *Emack v. Kane*.— With this case of *Kidd v. Horry* should be compared *Emack v. Kane*,⁶⁶ in which Blodgett, J., granted an injunction against circulars threatening prosecution for infringement, brought in bad faith to in-

⁵⁹ L. R. 7 Eq. 488-1869.

⁶⁰ L. R. 14 Ch. Div. 763-1880.

⁶¹ L. R. 14 Ch. Div. 864-1880.

⁶² L. R. 26 Ch. Div. 306-1884.

⁶³ L. R. 10 Ch. App. 142-1875.

⁶⁴ L. R. 9 Ch. Div. 89-1878.

⁶⁵ 83 Ill. App. 558-1898.

⁶⁶ 34 Fed. 46-1888 (C. C. Ill.).

timidate complainant's customers and destroy his business. There was evidence that there was no real intention to sue, and defendant had discontinued suits formerly brought, after taking proof.

Referring to *Kidd v. Horry*, the court says that the principle of that case, "concisely stated, is that a court of equity has no jurisdiction to restrain the publication of a libel or slander. But it seems to me the case now under consideration is fairly different and distinguishable from the cases relied upon by the defendants, in what seems to me a material and vital feature. In *Kidd v. Horry* the owner of a patent sought the interference of a court of equity to restrain the defendants from publishing and putting in circulation statements challenging the validity of his patent and of his title thereto, on the ground that such publications were libelous attacks upon his property. Here the complainant seeks to restrain the defendants from * * * making threats intended to intimidate the complainant's customers under the pretext that the complainant's goods infringe a patent owned or controlled by the defendants, and threats that if such customers deal in complainant's goods, they will subject themselves to suit for such infringement; the bill charging and the proof showing, that these charges of infringement are not made in good faith, but with a malicious intent to injure and destroy the complainant's business. While it may be that the owner of a patent cannot invoke the aid of a court of equity to prevent another person from publishing statements denying the validity of such patent by circulars to the trade, or otherwise, yet, if the owner of a patent, instead of resorting to the courts to obtain redress for alleged infringements of his patent, threatens all who deal in the goods of a competitor with suits for infringement, thereby intimidating such customers from dealing with such competitor, and destroying his competitor's business, it would seem to make a widely different case from *Kidd v. Horry*, and that such acts of intimidation should fall within the preventive reach of a court of equity. It may not be libelous for the owner of a patent to charge that an article made by another manufacturer infringes his patent; and notice of an alleged infringement may, if given in good faith, be a con-

siderate and kind act on the part of the owner of the patent; but the gravamen of this case is the attempted intimidation by the defendants of complainant's customers by threatening them with suits defendant did not intend to prosecute; and this feature was not involved in *Kidd v. Horry*. I cannot believe that a man is remediless against persistent and continued attacks upon his business, and property rights in his business, such as have been perpetrated in this case. It shocks my sense of justice to say that a court of equity cannot restrain systematic and methodical outrages like this, by one man upon another's property rights. If a court of equity cannot restrain an attack like this upon a man's business, then the party is certainly remediless, because an action at law in most cases would do no good, and ruin would be accomplished before an adjudication would be reached. True, it may be said that the injured party has a remedy at law, but that might imply a multiplicity of suits which equity often interposes to relieve from; but the still more cogent reason seems to be that a court of equity can, by its writ of injunction, restrain a wrongdoer, and thus prevent injuries which could not be fully redressed by a verdict and judgment for damages at law. Redress for a mere personal slander or libel may perhaps properly be left to the courts of law, because no falsehood, however gross and malicious, can wholly destroy a man's reputation with those who know him; but statements and charges intended to frighten away a man's customers, and intimidate them from dealing with him, may wholly break up and ruin him financially, with no adequate remedy if a court of equity cannot afford protection by its restraining writ."

Ide v. Engine Co.^{66a} is to the same effect; but Judge Parker's comment on *Emack v. Kane* in *Marlin Fire Arms Co. v. Shields*,⁶⁷ is that "A very careful examination of it leads to the conclusion that its attempt to overthrow the reasoning of Mr. Justice Bradley was not successful." In *International Tooth Crown Co. v. Carmichael*^{67a} Jenkins, J., disapproves of *Emack v. Kane* on the authority of *Francis v. Flinn*.^{67b}

^{66a} 31 Fed. 901.

^{67a} 44 Fed. 350.

⁶⁷ 171 N. Y. 384-95-1902; 64 N. E. 163; 59 L. R. A. 310.

^{67b} 118 U. S. 385.

Francis v. Flinn^{67c} was a case in which the complainant, owner of a pilot boat, alleged that the respondents confederated to destroy his business by publications in a newspaper, by instituting suits, seeking injunctions, etc., and the court dismissed the bill on demurrer for want of equity.

Shoemaker v. South Bend Spark Arrester Co.,⁶⁸ follows *Emack v. Kane*, and holds that the court has power to enjoin interference with property rights in patents by false and malicious claims of title, threats to collect royalties from plaintiff's customers, etc. This case is often cited in connection with *Casey v. Cincinnati Typographical Union*,⁶⁹ in which a newspaper was enjoined from publishing boycott notices, and *Warren Featherbone Co. v. Landauer*,⁷⁰ and *Commercial Acetylene Co. v. Avery Portable L. Co.*⁷¹ On the other hand, in *Marx & H. J. Clothing Co. v. Watson*,⁷² the court refused to restrain the publication of circulars issued to boycott the business of individuals, no matter how unjustifiable and injurious the publication may be. In *Allegretti Chocolate Cream Co. v. Rubel*,⁷³ the court refuses to follow *Emack v. Kane*, *supra*, because in that case intimidation by defendants of plaintiff's customers was by threats of suit, which defendants did not intend to prosecute, and there was no such allegation in the Allegretti case. This was on appeal from an order granting a preliminary injunction against a circular.

§ 202. Theory that Threats of Prosecution Must be Shown to Warrant Issuance of Injunction.—In the cases in which the doctrine of *Emack v. Kane* has been followed, threats have been made and widely disseminated, to prosecute customers of the plaintiff for infringement, it being shown that the threats were made with fraudulent intent to break up plaintiff's business, and it would seem that the court has regarded the proof of such threats as necessary to the right to demand an injunction under this doctrine.

^{67c} 118 U. S. 385.

⁶⁸ 135 Ind. 471-1893; 35 N. E. 280;
22 L. R. A. 332.

⁶⁹ 45 Fed. 135-1891 (C. C. Ohio);
12 L. R. A. 193 note.

⁷⁰ 151 Fed. 133-1903 (C. C. Wis.).

⁷¹ 152 Fed. 645-1906 (C. C. Wis.).

⁷² 168 Mo. 133-1901; 67 S. W. 391;

56 L. R. A. 951.

⁷³ 83 Ill. App. 558-1898.

The jurisdiction of equity in these cases is negatively defined in *Edison v. Thomas A. Edison, Jr. Chemical Co.*⁷⁴ "The case now in hand, being one merely of libel or defamation of business reputation, unaccompanied by threats, intimidation or coercion, or by any direct attack upon property or conduct of business, or by any direct or indirect creation of liability on the part of the complainant, is not within the equitable jurisdiction of this court." Where circulars were distributed stating that the goods of the plaintiff infringed a patent, and threatened all persons purchasing complainant's goods with suit, and defendant instituted a collusive and fraudulent suit and obtained in it a decree apparently supporting his patent, the court enjoined the use of this decree to injury of complainant. "Complainant has no adequate remedy at law. * * * It cannot be said that it should lie by and wait the slow and uncertain processes of a suit for damages for its redress. * * * The complainant is rightfully operating under such patent, and it has no remedy adequate for the fraud and wrong perpetrated upon it, except as aided by a court of equity."⁷⁵

Flint owned patents for a smoke-preventing device. Plaintiffs alleged that they were trying to sell the device to the M Company, and that defendant maliciously served notice on the M Company that plaintiff's device infringed patents owned by defendant, and that if the M Company used plaintiff's device, it would be liable for costs and damages. Plaintiffs

⁷⁴128 Fed. 957-1904 (C. C. Del.). The facts were these: Defendant made and sold "Wizard Ink Tablets" and a device called a "Magne-Electric Vitalizer," and complainant alleged that through the name adopted by the defendant, the names given to its goods, and the form of its advertisements, it was misleading the public into supposing that its worthless devices were the invention of complainant, and thus injuring his reputation and his business as an inventor. This was treated as a

species of trade libel that would not be restrained. See also these cases in which *Emack v. Kane* has been cited: *Kelley v. Ypsilanti Dress Stay Co.*, 44 Fed. 23; *Coeur D'Alene Mining Co. v. Miners Union*, 51 Fed. 744; *New York Filter Co. v. Schwarzwaldner*, 58 Fed. 579; *Arthur v. Oakes*, 63 Fed. 361.

⁷⁵*Grand Rapids School Furniture Co. v. Haney School Furniture Co.*, 92 Mich. 558-64-1892; 52 N. W. 1009; 16 L. R. A. 721.

also averred that defendant served a like notice on others; that plaintiffs were financially responsible, and that they believed defendant did not intend to sue them, or their customers, but intended to continue the false notices. Injunction was refused, and Black, J., said (p. 501): "We live under a written constitution which declares that the right of trial by jury shall remain inviolate; and the question of libel or no libel, slander or no slander, is one for the jury to determine. Such was certainly the settled law when the various constitutions of this state were adopted, and it is all-important that the right thus guarded should not be disturbed. It goes hand in hand with the liberty of the press and free speech. For unbridled use of the tongue or pen the law furnishes a remedy. In view of these considerations a court of equity has no power to restrain a slander or libel, and it can make no difference whether the words are spoken of a person or his property." The court then held that the element of "unfair competition which results in the loss of business, owing to the dread men have of law suits," will not give equity jurisdiction, because libel and slander are generally accompanied with loss of business. No mention is made of *Emack v. Kane*, although it would seem in point and was cited in appellant's brief.⁷⁶

This case may be distinguished from those holding that an injunction is warranted against libel and slander, in that there is no continuing wrong here, no irreparable injury the damage from which it is impossible to assess. An action at law might give damages that would compensate the loss of the plaintiff, but there are many cases where the loss cannot be estimated.

§ 203. Intent to Intimidate Customers, Not to Fairly Warn Them, is a Necessary Element of this Kind of Proceeding to Enjoin.—The circumstances attending an issue of circulars threatening litigation should indicate bad faith. "The question whether the patent owner is acting in good faith in advertising his claims to the manufacturer's customers by circulars or letters, can seldom be determined from the contents of the communication alone, and, like all questions of intent, must

⁷⁶ *Flint v. Hutchinson Smoke Burner Co.*, 110 Mo. 492-1892; 19 S. W. 804; 16 L. R. A. 243.

generally be determined by the extrinsic facts.”⁷⁷ For instance, the National Harrow Company sent out numerous circulars and letters claiming the Adriance Company were infringing their patents, and threatening with suit all dealers selling the Adriance harrow. The lower court held that all statements in said circulars and letters were true, and declined to enjoin them. The court said: “When the manufacturer is financially responsible, is accessible, and his infringements readily provable, and when the patent owner is financially able, and is one who makes it his sole business to grant licenses, and is under a duty to his licensees to prosecute extensive infringers, the sending of such circulars to customers would seem to be merely a preliminary or cumulative measure, and the bringing of an infringement action the paramount and imperative proceeding. As, ordinarily, the patent owner would be prompt and zealous to assert his claims, if he halts and purposely procrastinates and attempts to effect by threats and manifestoes, that which he can compel by the strong hand of the law, a strong inference arises that he has not any real confidence in his pretensions. This inference becomes irresistible if he refuses to bring suit during a considerable period of time when the alleged infringement is open, notorious and defiant, and so extensive as to threaten destruction to his alleged exclusive rights. The *indicia* of bad faith are persuasive in the present case. It is impossible to read the communications warning complainant’s customers against selling its harrows, with which the defendant seems to have flooded the country, without being led to believe that they were inspired by a purpose to intimidate the complainant’s customers, and coerce the complainant, by injuring its business, into becoming a licensee of the defendant. In view of its failure to bring an infringement action, under circumstances which made an action practically compulsory, the defendant cannot shelter itself behind the theory that the circulars were merely legitimate notices

⁷⁷ *Adriance, Platt & Co. v. National Harrow Co.*, 121 Fed. 827-30-1903 (C. C. A. 2d Cir.); 58 C. C. A. 163; 49 L. R. A. 755.

of its rights. We are satisfied that they were sent, not for the purpose of self-protection, but in execution of the defendant's threat to stop the complainant from building harrows by other means than legal remedies."

*Hovey v. Rubber Tip Pencil Co.*⁷⁸ points out the same distinction, and holds that circulars threatening litigation cannot be interfered with, unless bad faith be shown.

It is, of course, possible that such circulars may be distributed in good faith to warn against infringement, and in doing so commit no wrong. It is the fraud that gives the right to an injunction. Bad faith, the intent to destroy the business of another, and hence danger to property rights, are the grounds given by the Circuit Court of Appeals on which equity may interfere. An equity court will not enjoin a person from asserting his belief that he owns title to property. Where the record does not make it clear that statements made by defendant are either malicious or false, equity will not act.⁷⁹ A circular of warning and stating that suit had been started, which has been adjudged to be proper, is found at 151 Fed. 134.

If the circular is issued in bad faith, which fact is shown by neglect to bring suit, it may be enjoined.⁸⁰ If the complainant's bill be true, it has an undoubted right to warn the public against the infringement of its trade-mark; that question should not be determined on the mere allegations of the parties⁸¹ (id. p. 135).

"Where notices are given or circulars distributed in good faith to warn against infringement, no wrong whatever is committed; but where, as is here averred, they are not made or issued with such intent, but in bad faith, and solely for the purpose of destroying the business of another, a very different case is presented. In such a case property rights are fraudulently assailed, and a court of chancery, whose inter-

⁷⁸ 57 N. Y. 119-1874.

⁷⁹ *Everett Piano Co. et al. v. George P. Bent*, 60 Ill. App. 372-1895.

⁸⁰ *Warren Featherstone Co. v. Landauer*, 151 Fed. 130-1903 (C. C. Wis.).

⁸¹ *Adriance, Platt & Co. v. National Harrow Co.*, 121 Fed. 827-1903 (C. C. A. 2d Cir.); 58 C. C. A. 163; and *A. B. Farquhar Co. v. Same*, 102 Fed. 714-1900 (C. C. A. 3d Cir.); 42 C. C. A. 600; 49 L. R. A. 755.

position is invoked for their protection, should not refuse to accord it.”⁸²

It is interesting to note that the position taken by the Circuit Court of Appeals in this Farquhar case is the same position taken by the English courts in cases which were not considered authority in *Kidd v. Horry*, *supra*, viz., that a man's trade reputation and the reputation of his goods is property which equity must protect.

§ 204. Circulars Giving Notice of Pendency of Suit for Unfair Competition Are Legal.—A complainant, in a suit for unfair competition, may issue circulars to the trade to give notice of the pendency of the suit and of the claims made by him where he acts in good faith and limits the claims to the allegations of the bill. The issuance of such circulars will not be enjoined in advance of hearing, upon a mere denial of the allegations of the bill.⁸³

§ 205. Trade Libels Not Libelous Per Se.—Trade libels are not libelous *per se*. The damage must be alleged and proved in these cases. Special damage not being alleged, it is not actionable to say that goods manufactured by a rival dealer are “bad” or “inferior.” To be actionable *per se*, the words used in such a case should import that the dealer in question is guilty of deceit or fraud in manufacturing or vending the goods.⁸⁴ “Words relating to quality of articles made, produced, furnished or sold—though false and malicious—are not actionable without special damage.”⁸⁵ An action based on a statement that the “Wall Street Journal” was not a newspaper, within the meaning of a certain statute;⁸⁶ that A had not sold B any first-class goods, hence cus-

⁸² *A. B. Farquhar Co. v. National Harrow Co.*, 102 Fed. 714-15-1900 (C. C. A. 3d Cir.); 42 C. C. A. 600;

⁸³ *Warren Featherbone Co. v. Landauer*, 151 Fed. 130-1903 (C. C. Wis.).

⁸⁴ *Tobias v. Harland*, 4 Wend. (N. Y.) 537-1830.

⁸⁵ *Dooling v. Budget Pub. Co.*, 144 Mass. 258-1887; 10 N. E. 809. See also *Marlin Fire Arms Co. v. Shields*,

171 N. Y. 384-1902; 64 N. E. 163; 59 L. R. A. 310.

⁸⁶ *Le Massena v. Storm*, 62 App. Div. (N. Y.) 150-1901; 70 N. Y. Supp. 882. Plaintiff was the advertising agent of the “Wall Street Journal,” for which he solicited the publication of legal notices, under a contract by which he shared in the profits of the business. Defendant represented to persons from whom

tomers could not get that quality from B;⁸⁷ that plaintiff's safe could be easily opened,⁸⁸ are cases in which damages must be alleged and proved.

But for the defendant to say of the plaintiff, an ice machine maker, to a customer from whom both were seeking an order, that the plaintiff would be unable to fulfill the contract, was a second-hand dealer, and did inferior labor, was a "scab" establishment, and had no mechanic in its employ, is libelous *per se*;⁸⁹ and where words used are libelous *per se* no injunction ought to issue. There is no continuing damage. For each statement of that sort made by the defendant a substantial amount of damages might be collected. Such a case differs materially from the cases where continued publication of statements, none of which alone could be shown to have caused serious damage, was, nevertheless, wrecking the plaintiff's business. Such a case was *Marlin v. Shields*.⁹⁰ The Marlin Company manufactured rifles. Shields conducted "Recreation," a magazine. The Marlin Company withdrew its advertising from said magazine, after defendant advanced his rates.

plaintiff solicited advertisements that the "Wall Street Journal" was not such a newspaper as the statute contemplated for the insertion of legal notices. *Held*, that as to plaintiff such a statement was not actionable *per se*, and that plaintiff could recover for loss of business only by pleading and proving special damage.

"*Boynnton v. Shaw Stocking Co.*, 146 Mass. 219-1888; 15 N. E. 507. Defendant, a manufacturer of hosiery, published in the papers a caution to the public not to form an opinion of its hosiery from goods advertised by plaintiff as of "first quality," since they had been sold to him as "damaged." *Held*, that the words were not fairly to be construed as imputing fraud to plaintiff, and were not libelous *per se*.

"*Victor Safe & Lock Co. v.*

Deright, 147 Fed. 211-1906 (C. C. A. 8th Cir.). Defendant, a dealer in safes, wrote to a person doing business with plaintiff, a manufacturer of safes, charging that plaintiff's safes were strongly constructed but could easily be opened. *Held*, on demurrer, that as no special damage was alleged, no action for libel lay. The language used was construed as merely in disparagement of the quality of plaintiff's goods, and not as necessarily casting a damaging imputation upon the plaintiff in respect of its trade (in which case no special damage need have been alleged).

"*Pennsylvania Iron Works Co. v. Henry Voght Machine Co.*, 29 Ky. L. Rep. 861-1906; 96 S. W. 551; 8 L. R. A. N. S. 1023.

"171 N. Y. 304-1902; 64 N. E. 163.

Defendant then published letters, purporting to be from correspondents, reflecting on the Marlin rifle. These letters were shams, written by the defendant himself, to force the plaintiff to advertise with him, or failing in that "to gratify his malice." In defense, it was said that the "complaint contains no allegation of any statement made against the character or conduct of the plaintiff." The defendant criticized not the plaintiff, but its gun. In *Tobias v. Harland*,⁹¹ the court (p. 309), "holds that when words are spoken not of the trade, or manufacturer, but of the quality of the article he makes or deals in, to render them actionable *per se*, they must import that the plaintiff is guilty of deceit or malpractice in making or vending them." The plaintiff was unable to say to what extent it was damaged by said publications and there was no allegation of special damage. The court then cites *Le Massena v. Storm*,⁹² *Kennedy v. Press Pub. Co.*,⁹³ and *Dooling v. Budget Publishing Co.*,⁹⁴ to show, in the words of the Dooling case, that "words relating merely to the quality of the articles made, produced, furnished, or sold by a person, though false and malicious, are not actionable without special damage." The Marlin Company asked the injunction (1) "to avoid multiplicity of actions, (2) because of the impossibility of ascertaining, identifying or establishing according to legal principles, any measure of damage." The court in addressing itself to the question "whether equity, which creates neither rights nor liabilities, has heretofore assumed jurisdiction to restrain the publication of criticisms unjustly affecting the merits of articles of property belonging to a plaintiff when such publication will not support an action at law,"⁹⁵ refused to grant an injunction and left the plaintiff to his action for damages.

⁹¹ 4 Wend. (N. Y.) 537-1830.

⁹² 62 App. Div. (N. Y.) 150-1901; 70 N. Y. Supp. 882.

⁹³ 41 Hun (N. Y.), 422-1886.

⁹⁴ 144 Mass. 258-1887; 10 N. E. 809.

⁹⁵ *Brandreth v. Lance*, 8 Paige (N. Y.) 24-1839; *Eden Injunction* (3d ed.) p. 372; *Singer Mfg. Co. v. Domestic Sewing Machine Co.*, 49 Ga.

70-1873; *Mauger v. Dick*, 55 How. Pr. 132-1878; *Kidd v. Horry*, 28 Fed. 773-1886 (C. C. Pa.); *Baltimore Car Wheel Co. v. Bemis*, 29 Fed. 95-1886 (C. C. Mass.); *Mayer v. Journeymen Stonecutters' Assn.*, 47 N. J. Eq. 519-1890; 20 Atl. 492; *Francis v. Flinn*, 118 U. S. 385-1886; 30 L. ed. 165; 6 Sup. Ct. 1172.

This decision then meant that equity could not enjoin a newspaper that published false and sham letters describing alleged defects the writer knew did not exist in goods, on the ground that equity cannot try a libel. It is difficult to agree with the reasoning of this decision. Just how the freedom of the press is seriously endangered by restraining a malicious person from publishing untrue statements as coming from nonexistent persons to the effect that the ejector of the Marlin rifle is faulty, is difficult to see. This case was admittedly a libel of goods. Furthermore, the fundamental reason for the trial by jury was waived by the defendant himself, for by his demurrer he admitted that his statements were false and untrue. The court ignored what, it is believed, will eventually be the basis on which equity will give relief in similar cases in the future, viz., the fact that the good repute of merchandise is property. The reputation of the Marlin rifle for having an effective ejector is property, is valuable; and, for an equity court to sit by and see the reputation of that article injured by statements of the character of those disclosed here and which the defendant himself admitted to be untrue, is to take a narrow view of the powers of equity which, it is believed, its history does not warrant. In considering the value of this decision it is significant that in 1904, two years later, subsection 8 of section 364 of the Penal Code of New York was enacted, which is aimed to relieve against all sorts of libels of the character of that uttered by Shields, by making them misdemeanors. The text of the section is given in the note.⁹²

§ 206. Preliminary Injunction Should Issue, When the Plaintiff's Right is so Clear as to be Practically, or is Actually (as by Demurrer) Conceded.—On the question of the

"Any person, firm, corporation, or association, or any employee thereof, who, in a newspaper, circular, or other publication published in this state, knowingly makes or disseminates any statement or assertion of fact concerning the quantity, the quality, the value, method of production, or manufacture, or the reason for the price of his or their merchandise, or the manner or source of

purchase of such merchandise, or the possession of rewards, prizes, or distinctions, conferred on account of such merchandise, or the motive or purpose of a sale, intended to give the appearance of an offer advantageous to the purchaser which is untrue or calculated to mislead, shall be guilty of a misdemeanor." Penalty not less than \$25 nor more than \$100 for each offense.

right of the English court to grant an injunction, on an interim or interlocutory application, presumably under the Judiciary Acts, it was said in *Coulson & Sons v. Coulson & Co.*⁹⁷ "To justify the court in granting an interim injunction, it must come to a decision upon the question of libel or no libel, before the jury have decided whether it is a libel or not. Therefore the jurisdiction is of a delicate nature. It ought only to be exercised in the clearest cases, where any jury would say that the matter complained of was libelous, and where, if the jury did not so find, the court would set aside the verdict as unreasonable." Such cases are rare, of course, but they occur. Again in *Warren Featherbone Co. v. Landauer*,⁹⁸ it was said that "if the defendant, who applied for an injunction to restrain plaintiff from issuing circulars stating this action had been begun, came with an adjudication in another court upon the validity of the complainant's trade-mark, we might follow that without proof and grant an injunction; but * * * there has never been an adjudication of the question. Such relief has been granted in several cases, sometimes on the application of the defendant, though more generally upon the application of the complainant, and upon final hearing"⁹⁹ (p. 133).

Where an insurance agent who left plaintiff's employ uttered untrue and damaging statements to the effect that plaintiff was about to abandon a part of its business, the court said: "It is urged that the injury is a continuing one, for which there is no accurate measure of damages, and, therefore, is within the province of equity. But even in that class of cases the complainant's right must be so clear as to be practically conceded, or it must first be established by the verdict of a jury."¹ Publication of a newspaper article to the effect that

⁹⁷ 3 Times L. R. 846-1887.

⁹⁸ 151 Fed. 131-1903 (C. C. Wis.).

⁹⁹ Citing *Emack v. Kane*, 34 Fed. 46-1888 (C. C. Ill.); *Adriance, Platt & Co. v. National Harrow Co.*, 121 Fed. 827-1903 (C. C. A. 2d Cir.); 58 C. C. A. 163; *A. B. Farquhar Co.*

v. Same, 102 Fed. 714-1906 (C. C. A. 3d Cir.); 42 C. C. A. 600; 49 L. R. A. 755.

¹ *Baltimore Life Insurance Co. v. Gleisner*, 202 Pa. St. 386-88-1902; 51 Atl. 1024.

a hotel is about to be sold for use as a club, when that is **not** the fact, is a good cause of action at law as a libel.²

§ 207. Statutes as to Libels Do Not Oust Equity of Jurisdiction.—The fact that there exists, as in New York, a penal statute forbidding acts which constitute trade libel, is not an excuse for the failure of a court of equity to enjoin such acts. If a trespasser begins to tear down a building, the fact that a statute exists forbidding malicious mischief, or that the owner has an action for trespass, is no reason for an equity court refusing to enjoin such an act. When an irreparable and continuing unlawful injury is threatened to private property and business rights, equity will generally enjoin on behalf of the person whose rights are to be invaded, even though an indictment on behalf of the public will also lie.³

Mr. Robert P. Clapp, in a valuable note on this subject in 23 Am. Law Reg. N. S. 707-14-1884, says: "The greater protection afforded by the English courts is demanded by a just regard for the vastness and variety of our commercial interests. Our jurisprudence must in some way meet this demand." If that statement was true in 1884, it is many times more so now.⁴

To summarize. English courts are now granting injunctions against many forms of trade libel under the powers granted by the act of 1873. The act does not give a complainant such relief as a matter of right; for granting the writ is always in the discretion of the court. It has generally been considered and stated by courts here and, it must be said, in most instances without fully understanding the authority of the English cases, so far as can be judged from the opinions rendered, that equity cannot enjoin or try a libel of goods or business, a trade libel. Because of this apparent obstacle, the American courts admit they are powerless to give relief in many cases where they themselves consider relief ought to be granted. As a commentary on this condition, it is interesting

² *A. D. Wright v. J. C. Coules*, 4 Cal. App. 343-1906.

³ *Toledo, etc., Ry. Co. v. Pennsylvania Co.*, 54 Fed. 730-1893 (C. C. Ohio); 19 L. R. A. 387.

⁴ See also note in 4 Cent. L. Jour. 171, which is a plea for interference by injunction in cases of trade libel.

to note some of the publications and utterances which have recently been enjoined in England:— trade letters imputing that plaintiff's goods were spurious, it being held unnecessary to show special damage;⁵ stating in a paper called "Money Maker" that plaintiff's bank was in litigation;⁶ unauthorized use of man's name where such use injured his property and business.⁷ In *Punch v. Boyd*⁸ an action was brought for £10,000 damage for libel. The plaintiff had built an expensive plant to make butter firkins by machinery instead of by hand. The butter merchants of Limerick posted placards reading: "Notice to Farmers" and stating that they would refuse to purchase butter packed in machine-made firkins "as we find them to be more injurious to keeping the quality of the butter," etc., and an interlocutory injunction was granted because a verdict of a jury would not afford adequate compensation. The court interfered "to prevent injury to the plaintiffs by the publications complained of until the defendants shall have established their defense." The injunction was granted on affidavits.

⁵ *Thomas v. Williams*, L. R. 14 Ch. Div. 864-1880. N. S. 556-1899; *Hawker v. Stourfield Park Hotel Co.*, Wkly. Notes

⁶ *London & Northern Bank v. Newnes*, 16 Times L. R. 76-1899. 51-1900.

⁷ *Dockrell v. Dougall*, 80 L. T.

⁸ L. R. Ir. 16 Q. B. Div. 476-1885.

CHAPTER XV.

TRADE SECRETS AND CONFIDENTIAL RELATIONS.

- SECTION 208.** Effect of publication of a secret.
209. Conditional sale of goods made by secret formulae.
210. Injunctions against breach of contract by disclosure of secrets.
211. Is a secret a monopoly?
212. Disclosure of a secret in court.
213. Discovery of a secret by lawful means.
214. Violation of contract of employment by betrayal of secrets.
215. Employees are bound by implied contract not to disclose secrets.
216. Title to secrets discovered by employee as a part of his work.
217. Unlawful secrets.
218. Danger of injury to plaintiff by defendant's disclosures must exist.
219. One who avails himself of a secret fraudulently disclosed may be enjoined and held accountable for profits.
220. Name of a jobber from whom goods are bought may be a trade secret.
221. Transfer of secrets.
222. List of customers is secret property. No one may canvass them except the owner of the list.
223. Letters may be secrets.

A secret is "something known only to one or a few and kept from others; anything hidden from general knowledge or observation; something not to be told."¹ A secret may be property, just as land is property; for money and other value is often given in return for learning it. It somewhat resembles the property one has in an unpublished manuscript. The right to have exclusive knowledge of foreign financial news for fifteen minutes after its receipt by the Associated Press has been held property.² So also of the knowledge of secret processes of manufacture, and formulæ for making various articles and the names of the customers of a business house. In fact, any information legitimately obtained which is in the nature of a secret, a state of knowledge which is valuable

¹ Standard Dict. 1616.

Telegraph Co., 50 How. Pr. (N. Y.)

² *Kiernan v. Manhattan Quotation* 194-1876.

because a few only know the facts of which it consists, is property; and the business conditions of to-day make it imperative that he who would wrongfully publish this information should be enjoined and prevented from so doing.

Peabody invented a process of making gunny cloth from jute butts, and machinery to make it, and employed Norfolk as machinist. Norfolk became confidentially possessed of knowledge of the machinery and process and entered into an agreement with Peabody not to divulge the secrets. Norfolk left Peabody two years later and began plans to build a rival factory fitted with machinery on Peabody's model. In the opinion in this case Judge Grey speaks of the character of the rights of the owner of a secret thus: "If he invents or discovers and keeps secret * * * he has not indeed an exclusive right to it as against the public, or against those who in good faith acquire knowledge of it; but he has a property in it which a court of chancery will protect against one who, in violation of contract and breach of confidence undertakes to apply it to his own use, or to disclose it to third persons."³

A baker may acquire such property in an established route, or list of customers as will entitle him to an injunction against an employee to prevent his conspiring to leave said baker and divert customers from said route to a rival baker.⁴

"Independent of copyright or letters patent, an inventor or author has, by the common law, an exclusive property in his invention or composition until, by publication, it becomes the property of the general public."⁵ The power to protect such property is a part of the original jurisdiction of chancery, independently of any rights which the injured party may have at law. It has power to prevent any act which the court considers to be a wrong, whether the wrong arises from violation of a right or from a breach of confidence.⁶

³ *Peabody v. Norfolk*, 98 Mass. 452-1867.

⁴ *Smith v. Kernan* (Ohio), 5 Law Bul. 145; 8 Ohio Dec. Reprint 32.

⁵ *Tabor v. Hoffman*, 118 N. Y. 30, at p. 34-1889; 23 N. E. 12, citing as authority *Palmer v. De Witt*, 47 N. Y. 532-1872; *Woolsey v. Judd*, 4

Duer (N. Y.) 379-1855; *Peabody v. Norfolk*, 98 Mass. 452-1867; *Salomon v. Hertz*, 40 N. J. Eq. 400-1885; 2 Atl. 379.

⁶ *Pollard v. Photographic Co.*, 40 Ch. Div. 345-1889. "Independently of any question as to the right at law, the court of chancery has al-

§ 208. Effect of Publication of a Secret.—An owner of a trade secret may do with it as he will. He may refuse utterly to sell goods made from it, if he wishes. He may fix prices as he chooses. He may sell at one price to one person, at another to another. He is not required to give reasons or deal fairly with purchasers, but his control over their goods ceases with their sale.⁷

In France a penal statute exists which punishes one who communicates a secret of manufacture, by fine and imprisonment, and puts such a person under surveillance of the police.⁸ This statute covers all secrets of manufacture. If there be a publication of the secret, then the owner or the discoverer or the inventor has no further right to claim the courts' protection. Publication consists in imparting the information in such a way as to indicate that he gives up to the public such rights as were his at common law, as the originator or the discoverer of the secret process. But a "sale of an article compounded by secret process is not publication of the formula or device used in its manufacture,"⁹ and a person who wrongfully discovers a secret may not set up a sale of the article, made by use of the secret, as a publication of the secret, and hence a defense behind which he may fortify himself.

Communicating secret information to many persons in confidential relationship with the owner of the secret under a contract not to make the information generally public is not publication. Even the distributing such information generally to a number of customers paying therefor is not publication.

The Chicago Board of Trade conducted an exchange, and collected the quotations for transmission through the telegraph companies, to persons approved by it and contracting

ways had an original and independent jurisdiction to prevent what that court considered and treated as a wrong, whether arising from a violation of an unquestionable right or from a breach of contract or confidence" (at p. 354).

⁷ *Dr. Miles Medical Co. v. Platt*, 142 Fed. 606-1906, and cases cited.

⁸ § 418 Code, Penal.

⁹ *Tabor v. Hoffman*, 118 N. Y. 30, at p. 36-1889; 23 N. E. 12, citing *Hammer v. Barnes*, 26 How. Pr. (N. Y.) 174-1863; *Morison v. Moat*, 21 L. J. N. S. (Ch.) 248-1852; *Morison v. Moat*, 20 L. J. N. S. (Ch.) 513-1851; *Green v. Folgham*, 1 Sim. & St. 398-1823; *Yovatt v. Winyard*, 1 Jac. & W. 394-1820; *Peabody v. Norfolk*, 98 Mass. 452-1867.

with it. Defendant obtained and used these quotations without plaintiff's authority, presumably by inducing persons contracting with plaintiff to disregard their obligations to plaintiff. Held, that plaintiff was entitled to an injunction. The plaintiff's quotations were held to be in the nature of a trade secret, which would be protected. "The plaintiff does not lose its rights by communicating the results to persons, even if many, in confidential relations to itself, under a contract not to make it public, and strangers to the trust will be restrained from getting at the knowledge by inducing a breach of trust, and using knowledge obtained by such a breach."¹⁰

§ 209. Conditional Sale of Goods Made by Secret Formulae.

— Under certain circumstances a seller may impose conditions and limitations with respect to price and reselling, on persons who buy his goods. It has been claimed that to do that is to offend the rules of the common law against restraint of trade and monopoly, and the federal anti-trust act. Such conditions are imposed usually on goods made under patents, copyrights, or secret processes, and they may be imposed lawfully on goods made under patents.¹¹ One who violates conditions of this sort, as to a patented article, is an infringer. These restrictions are held to be valid, because of the monopoly of

¹⁰ *Board of Trade, etc. v. Christie Grain & Stock Co.*, 198 U. S. 236—1904; 49 L. ed. 1031; 25 Sup. Ct. 637. Followed in *Hunt v. N. Y. Cotton Exchange*, 205 U. S. 322—1907; 51 L. ed. 821; 7 Sup. Ct. 529. *Kiernan v. Manhattan Quotation Telegraph Co.*, 50 How. Pr. (N. Y.) 194 (Sup. Ct. N. Y. Spec. T. 1876). Plaintiff was entitled by contract to the exclusive use, for fifteen minutes after it was received, of all foreign financial news transmitted through the Associated Press. Plaintiff was accustomed, upon receiving this news, to telegraph it immediately to his customers, who were not restricted by any express stipulation in using or republishing it. Defendant, through an agent, obtained and

sent to their customers the same quotations, and their agent was shown to have obtained his information from plaintiff's tapes and slips in the office of his customers. Held, that plaintiff was entitled to restrain defendant from publishing plaintiff's foreign financial reports, the news being plaintiff's property, plaintiff's right not being lost by the transmission to his customers, and defendant being deemed to have acquired his information by inducing plaintiff's customers to violate the tacit understanding implied from the nature of their contract with plaintiff.

¹¹ *John D. Park & Sons v. Hartman*, 153 Fed. 24—7—1907 (C. C. A.) and cases cited.

the owner of the patent, which gives him the right to reserve to himself as much or little of his exclusive right as he pleases.

There is no statutory protection of one who makes an article by a secret process or private formula. He may have a property right in it, but he has no special property right similar to the right of the owner of a patent or copyright. His secret is valuable only because of its being a secret, and only so long as he keeps it secret. The general public is free to find it out, by any fair and honest method.¹² Nevertheless the owner may protect himself by the help of a court of equity, against discovery by breach of confidential relations.¹³

An owner of a secret is protected against a breach of contract by which his secret is betrayed. *Fowle v. Park*¹⁴ is a leading case in the United States on this point, and Fuller, C. J., held there, that as the contracts involved were based on a valuable consideration, and were limited as to space (but not as to time), and concerned a secret compound, the court would enforce them; that vendors were entitled to sell to the best advantage, and to preclude themselves from competition with those to whom they sold, and to prevent competition between purchasers, and that the purchasers were entitled to reasonable protection (*id.* p. 97). See §§ 187-8 as to conditional sales of goods made by secret process.

§ 210. Injunctions Against Breach of Contract by Disclosure of Secrets.—The court will restrain a third person from inducing a subscriber to break his contract by supplying such third person with the information for purposes of publication.

“It is competent for a news agency to collect information from a public source and transmit it to subscribers to whom it is new, upon the terms that they shall not communicate it to third parties; and the court will interfere by injunction to

¹² *Chadwick v. Covell*, 151 Mass. 190; 23 N. E. 1068; 6 L. R. A. 839; 21 Am. St. Rep. 442; *Tabor v. Hoffman*, 118 N. Y. 30-1889; 23 N. E. 12; 16 Am. St. Rep. 740; *Peabody v. Norfolk*, 98 Mass. 452-1867; 96 Am. Dec. 664; *Vulcan Detinning Co. v. American Contracting Co.*, 58 Atl. 290-1904; 67 N. J. Eq. 243; *John*

D. Park & Sons v. Hartman, 153 Fed. 24-1907; 12 L. R. A. N. S. 135 note.

¹³ *Tavis v. Knapp*, 121 Fed. 34; *Harrison v. Glucose Co.*, 116 Fed. 304; 58 L. R. A. 915; *Morison v. Moat*, 9 Hare 241.

¹⁴ *Fowle v. Park*, 131 U. S. 88-1889; 33 L. ed. 67; 9 Sup. Ct. 658.

restrain a subscriber from communicating such information to a third party in breach of his contract, and also to restrain a third party from inducing a subscriber to break his contract by supplying him with such information with a view to publication.”¹⁵

The foundation of the rule as to invalidity of contracts in restraint of trade is considered by Chief Justice Fuller to be the case of *Mitchel v. Reynolds*,¹⁶ and his comment on that case is instructive as to the interpretation of such cases in the light of modern conditions. He says,¹⁷ “but as it (*Mitchel v. Reynolds*) was made under a condition of things and a state of society different from those which now prevail, the rule laid down is not regarded as inflexible and has been considerably modified. Public welfare is first considered; and if it be not involved, and the restraint upon one party is not greater than protection to the other requires, the contract may be sustained.”

Thus it is seen that Chief Justice Fuller sustains these contracts, not on the theory that they were outside the common law rule against restraint of trade, but that they were valid because the court considered them necessary to protect the rights of the owner of the secret.

Justice Grey considers them lawful, “because the process

¹⁵ *Exchange Telegraph Co., Ltd. v. Central News, Ltd.*, 2 Ch. 48-1897 (head-note). *Exchange Telegraph Co., Ltd. v. Gregory & Co.*, 73 L. T. 120-1895; affirmed in 1 Q. B. 147-1896. Plaintiff published stock exchange bulletins, and under an exclusive contract with the stock exchange management, furnished stock exchange quotations to subscribers under a contract by which the subscribers bound themselves not to communicate information thus obtained to nonsubscribers. Defendants were formerly subscribers but had ceased to be such. They induced subscribers, in violation of their contracts with plaintiffs, to supply the

information that defendants could no longer obtain from plaintiffs, and then used such information for the purpose of their business by posting it on bulletin boards in various places. *Held*, that defendants had no right to appropriate the information, which was plaintiffs' property, that they were maliciously interfering with plaintiffs' business, and that the interference was actionable without proof of special damage. Injunction granted. (Note copyright infringement was also involved.)

¹⁶ 1 P. Wms. 181; 1 Smith Lead. Cas. Pt. II 508.

¹⁷ *Fowle v. Park*, 131 U. S. 88-9-1889; 9 Sup. Ct. 658.

must be kept secret in order to be of any value, and the public has no interest in the question by whom it is sold.”¹⁸

§ 211. **Is a Secret a Monopoly?**— So long as the owner of a secret keeps it a secret he has a monopoly. While equity affords protection to trade secrets against betrayal by those under contract, or in confidential relations with the owners of the secret, it is doubtful if there is any difference between contracts as to trade secrets and contracts as to any other personal property, so far as restraint of trade is concerned. There is such a difference between contracts as to patents and those as to secrets, because of the statutory monopoly of patentees. But no distinction is enjoyed by contracts involving trade secrets. Contracts forming a system of selling goods, which limit and restrict the rights of jobbers and retailers, by forbidding them to sell goods except to specified persons or classes of persons, are held illegal. It is considered that there is nothing about a secret process, which so differentiates it from other personal property, as to warrant the stifling of competition, which results from these contracts. See full discussion of question in *John D. Park & Son v. Hartman*.¹⁹ There it is contended that any such restrictions on the sale of goods must be shown to be not larger than necessary for the protection of the owner of the secret process against such unjust use of the secret as will injure the business and rights in it, which the owner retains. “A partial restraint of competition may be upheld, when one sells a business or other property, provided it is no greater than necessary to enable the vendor to realize the value of his good-will, or to secure to the buyer the enjoyment of his purchase, or to prevent the use of the property to the prejudice of the seller” (id. p. 44, Lurton, J.).

There are other cases of authority which are opposed to this doctrine.²⁰

§ 212. **Disclosure of a Secret in Court.**— The fact that, if the secret is to be used, it must be examined and understood by

¹⁸ *Central Transportation Co. v. Pullman Palace Car Co.*, 139 U. S. 24-53-1890; 35 L. ed. 55; 11 Sup. Ct. 478.

¹⁹ For a further discussion of the right to enjoin such breach of contract, see chapter on “Interference with Contract.”

²⁰ 153 Fed. 24-1907; 12 L. R. A. N. S. 135 note.

public officials, will not prevent its owner enjoining him who would fraudulently publish it, nor will the disclosure of the secret to a court in judicial proceedings be held a publication.²¹ In an application for an injunction against disclosure of a trade secret, it is not necessary to reveal to the court the secret or disclose confidential information relating to it—certainly not in the open court. Such hearing may be held in camera, and is valid if so held. Such a disclosure is not a publication to the world in any sense.²² A manufacturer seeking to protect trade secrets by injunction will not, ordinarily, be requested at the trial to disclose what these secrets are.²³

Evidence as to a secret may be taken in camera and sealed where the question is involved as to whether or not the plaintiff is the owner of a secret.²⁴ It was once held, that injunction is not a proper remedy where plaintiff alleges defendant revealed a trade secret, because the information was no longer secret when revealed to a court, which revelation must take place before court can decide;²⁵ but to-day measures are taken to protect such secrets when being considered by courts, and the secret is preserved so far as is necessary to also preserve the cause of action upon it.

In *A. L. Baglin v. The Cusenier Co.*^{25a} the court deemed it was unable to decide as to the imitation of plaintiff's cordial because it did not know the ingredients of it, holding that more than opinion and speculation is necessary to show imitation, especially "when the party upon whom the burden rests has it in his power to establish fraud, if it exists, by proof which it will be practically impossible to contradict," per Coxe, J.

§ 213. **Discovery of a Secret by Lawful Means.**—The right to legally discover and use a secret was early recognized. Hardwicke, Ld. Ch., said in *Gibblett v. Read*,²⁶ "So in the case

²¹ *Peabody v. Norfolk*, 98 Mass. 452-1867.

²² *Stone v. Grasselli Chemical Co.*, 65 N. J. Eq. 756-1903; 55 Atl. 736; 63 L. R. A. 344.

²³ *Taylor Iron & Steel Co. v. Nichols*, 70 N. J. Eq. 541-1905; 61 Atl. 946; *Sterling Varnish Co. v. Macon*, 217 Pa. St. 7-1907; 66 Atl. 78.

²⁴ *Taylor Iron & Steel Co. v. Nichols*, 69 Atl. 186-1908 (N. J. Eq. & App.).

²⁵ *Deming v. Chapman*, 11 How. Pr. (N. Y.) 382-1854.

^{25a} 164 Fed. 25-1908 (C. C. A.).

²⁶ 9 Mod. 459-1743.

of Tipping, if anybody had thought of his nostrum, as he had no patent, any discoverer might have sold it."

When the secret information becomes known to the defendant through his own efforts, no action lies against him. He has a right to discover for himself the ingredients of a secret medical formula by study of the medicine itself, if it be sold publicly, or he may discover the secret of a method of manufacture from a study of the manufactured article. If he acquires the hidden information honestly, he may use it as he will, assuming of course there is no question of patent; but a discovery of a secret by unfair means, such as bribing a clerk of the owner of the secret, or stealing or copying the information from the owner will not be protected.²⁷

An illustration of a fair use of a secret which resulted in loss to one rightfully in possession of it, is found in *Stewart v.*

"*Tabor v. Hoffman*, 118 N. Y. 30-6-1899; 23 N. E. 12. But because this discovery may be possible by fair means, it will not justify a discovery by unfairness, such as a bribery of a clerk, who, in the course of his employment, had aided in compounding the medicine, and had thus become familiar with the formula. The courts have frequently restrained persons, who have learned a secret formula from compounding medicine and beverages and the like while in the employment of a proprietor, from using it themselves or imparting it to others to his injury. *Watkins v. Landon*, 52 Minn. 389-1893; 54 N. W. 193; 19 L. R. A. 236. In 1856 Ward owned a receipt for "Ward's Botanical Liniment." The same year he sold to Sands the formula and granted him the right to sell it in Minnesota. It came to be known as "Dr. Ward's Liniment." In 1868 plaintiff claimed the sole right to sell "Ward's Liniment" in Minnesota and threatened Sands with

prosecution if he sold the liniment longer under that name. Consequently Sands changed the name to "T. H. Sands' Celebrated Liniment." The liniment was never patented. Since 1870 the plaintiff has sold the liniment substantially the same as Ward's under the name "Dr. Ward's Vegetable Anodyne Liniment." Subsequent to 1885 defendant manufactured and sold a liniment similar to Ward's called "Dr. Hoffman's Vegetable Anodyne." In 1889 Sands sold to defendants the Ward formula. Since that time they have sold it under the label "Dr. Ward's Liniment, Landon & Burchard," etc. *Held*, that as the liniment had not been patented, anyone lawfully acquiring the knowledge of its preparation had a right to use it, and to say that it was made in accordance with Ward's formula; that the common name of the liniment had come to be "Dr. Ward's Liniment." Consequently the plaintiff could not acquire the sole right to the name.

Hook.²⁸ T. prior to 1894 had sold a cure for the opium and morphine habit, known as the "Acme Opium Cure." T. had invented and was the sole owner of the cure. The formula for it was a secret known only to T. In 1894 T. sold to each of the two plaintiffs a one-half interest in the cure. In 1897 T. sold the same formula and receipts to the defendant, who began to manufacture under the same name, not by public advertising, but by secret correspondence under T.'s name. Until 1902 this was unknown to the plaintiffs, whose business had greatly suffered by reason of the defendant's action. Held on the authority of *Chadwick v. Covell*,²⁹ that, as the defendant did not come into possession of the formula in any unfair way and had not committed any fraud or breach of trust of which the plaintiffs could complain, he could not be held liable; that the plaintiffs sued the wrong man and should have brought an action against T., who by violating his agreement brought about the damage of which the plaintiffs complain.

After the death of the owner of a secret unpatented process, anyone who discovers the process by legitimate methods may use it for mercantile purposes and call it by the name of the original discoverer.³⁰

Title to a secret which has been dishonestly obtained is good against all the world, except the person from whom it has been dishonestly obtained and his assignees. It has been held, however, that where a company was alleged to have obtained knowledge of a trade secret, seemingly without dishonest intention, but from persons who were dishonestly using the knowledge obtained from the discoverer, a person bound to such company by contract or confidence when sued by the company for a breach of the contract or confidence, could not set up that the company had no right to the secret.³¹

§ 214. Violation of Contract of Employment by Betrayal of Secrets.—Many of the cases involving a violation of a trade secret arise over the betrayal of an employer's confidence

²⁸ 118 Ga. 445; 45 S. E. 389; 63 L. R. A. 255.

²⁹ 151 Mass. 190.

³⁰ *James v. James*, 13 Eq. 421-1872.

³¹ *Vulcan Detinning Co. v. American Can Co.*, 67 N. J. Eq. 243-1904; 58 Atl. 290.

by an employee. Where the contract of employment includes a clause binding the employee not to impart to anyone the knowledge he gains through his employment except by order of his employer, the law enforces that clause. It is not against public policy or in restraint of trade. The object of the court in upholding it, is to preserve the employer's property in the secret. "Courts of equity will restrain a party from making a disclosure of secrets communicated to him in the course of a confidential employment; and it matters not in such cases whether the secrets be secrets of trade or secrets of title or any other secrets of the party important to his interests."²² To warrant the issuance of an injunction against a former employee, it must appear that the defendant made use not only of some secret that the plaintiff shares with him, but it must also appear that the defendant's knowledge of it was obtained by him through and by means of his having been in plaintiff's employ. No action lies to restrain a former agent of a manufacturer from selling an article alleged to imitate the manufacturer's, it not appearing that the article was patented or that the former agent availed himself of secret information obtained while in the manufacturer's employ.²³

One of the earliest and most important cases on this point is *Morison v. Moat*,²⁴ decided in 1851, where the right of employers to restrain employees from betraying secrets was upheld. Morison invented a medicine, entered into partnership with Moat, reserving all rights, and told Moat the secret. Morison reserved the secret against all the world except Thomas Moat, and Moat was bound not to reveal it. Moat obtained a place in the concern for defendant Moat, his son. Morison never communicated the secret to defendant. His father had no right to do so, and the court decided that the defendant obtained the secret of the medicine surreptitiously and without sanction of his partners. "The defendant derives under that breach of faith (his father's in telling him the secret against the terms of his contract), and I think he can gain no title by it" (p. 263).

²² 2 Story Eq. Jur. § 952.

²⁴ *Morison v. Moat*, 9 Hare 241-

²³ *Mahler v. Sanche*, 223 Ill. 136-1851.
1906; 79 N. E. 9, reversing 121 Ill.
App. 247.

On appeal the case was affirmed,³⁵ and it was held that "there is no doubt whatever that where a party who has a secret in trade, employs persons under contract, express or implied, or under duty express or implied, these persons cannot gain knowledge of that secret and then set it up against their employer" (at p. 248). Where an employee is given increased wages and agrees not to disclose the secrets of the business he "has no right to use the secrets so obtained for his own private use or reveal them to others."³⁶

An injunction will lie against the use of a secret without any proof that any disclosure has been made by the defendant. An apprentice of plaintiff became his employee. Just before leaving he compiled and took away a table of dimensions of the various types of fire engines which plaintiff made and which dimensions plaintiff claimed to be trade secrets. No proof was given of disclosure. Defendant was a draughtsman. *Interim* injunction granted.³⁷ Disclosure of methods of business, receipts for medicines, and all sorts of confidential information, will be protected by equity against fraudulent disclosure.³⁸

³⁵ 21 L. J. N. S. (Ch.) 248.

³⁶ *Fralich v. Despar*, 165 Pa. St. 24-6-1894; 30 Atl. 521.

³⁷ *Merryweather v. Moore*, 2 Ch. 518-1892.

³⁸ *Tolman v. Mulcahy*, 119 App. Div. (N. Y.) 42-1907; 103 N. Y. Supp. 936. Defendant had been employed by plaintiff, a lender of money, under a contract that she would divulge to no outsider anything regarding the system or methods of the plaintiff's business, and would not, within two years after leaving plaintiff's employ, engage in the same business as principal or employee. She left plaintiff's employ and became an employee of a firm doing a similar business, and it was alleged that she was communicating to her new employers confidential information acquired in

plaintiff's employ. *Held*, that while under all the circumstances no preliminary injunction should issue against her remaining in a third person's employ, defendant was properly enjoined from communicating or divulging plaintiff's forms or methods and from sending letters to plaintiff's customers. *Yovatt v. Winyard*, 1 J. & W. 394-1820. Defendant, while in plaintiff's employ, had surreptitiously copied receipts for veterinary medicines, and after leaving his employ began to sell the medicines, with printed directions for their use, which were almost literal copies of plaintiff's. Upon the ground that there had been a breach of confidence, the court granted an injunction restraining defendant from using or communicating the receipts, and from printing and pub-

§ 215. Employees Are Bound by Implied Contract Not to Disclose Secrets.—In the absence of such a clause in the contract of employment the law will, when necessary for the protection of the property of the employer, import into the contract a prohibition against a betrayal of his trust and confidence and against imparting any confidential information to others. An early case involving this rule is referred to by the English Chancery Court. “ * * * I mentioned during the argument a case which is unreported, so far as I know, but which has some bearing on these points. It was a case of a master tailor and his foreman cutter. The foreman cutter, whilst in the employ of the master tailor, cut out the ordinary patterns for the dress of his master’s customers — those brown paper things which may be seen in many a tailor’s shop, but, being about to leave his master’s service, and to set up for himself an independent business, and being desirous of attracting the custom of his master’s customers, he made, whilst in the employ of the master tailor, copies of those brown paper patterns; and, setting up for himself, he took them away with him, and made use of them, by informing those whom he supposed would deal with him (his late master’s customers) that he had their patterns, and he could make their clothes with-

lishing the directions for their use. *The National Gum & Mica Co. v. Braendly*, 27 App. Div. (N. Y.) 219; 51 N. Y. Supp. 93. Delery owned a small business, the assets of which consisted almost wholly in secret processes for making various articles. Defendant approached plaintiff and offered to sell him the secrets, and plaintiff agreed, if the sale was made, to employ the defendant, and defendant agreed not to communicate the processes to anybody else. Defendant remained in plaintiff’s employ only a short time, but he refused to disclose to the plaintiff the processes, and finally left the plaintiff and organized a corporation for carrying on the same business. He

also agreed that he would not disclose any secrets that he learned from the plaintiff while in his employ. *Held*, the power to restrain the violation of a secret protected by a contract is well settled. The vendee employed the manager as long as he desired to stay in its employ, and was willing to continue to employ him, and hence performed its part of the contract. That the court had power to punish defendant for violating an injunction restraining him from disclosing the secret processes bought by the plaintiff, and also the secrets which defendant had learned while in plaintiff’s employ.

out putting them to the trouble of attending to be measured again. The master tailor obtained an injunction against him for using this, which, in substance, was information obtained by him exclusively for the benefit of the master while in the master's employment."³⁹

Plaintiff sold typewriter ribbons. Defendant was in his employ from 1886 to 1894, when he left and organized the Rochester Ribbon & Carbon Co., and began to make goods by a process used by the plaintiff. While in plaintiff's employ he copied every formula he used. Held, defendant was in a confidential relation to plaintiff and in that relationship gained knowledge of his processes. He knew of the care exercised to keep the secret and, in violation of the confidence reposed in him, surreptitiously made memoranda of the formulas, and was now using them and other knowledge obtained while in plaintiff's employ to run a rival establishment. The law raises an implied contract where none exists, "that an employee who occupies a confidential relation toward his employer will not divulge any trade secrets imparted to him, or discovered by him in the course of his employment, and we do not see why the defendants, Gallus & Bostwick, are not under just as strong an obligation to observe and keep secret the trust reposed in them as they would be had they reduced the contract which the law implies to writing."⁴⁰

³⁹ *Lamb v. Evans*, 3 Ch. 462-8-1892.

⁴⁰ *Little v. Gallus et al.*, 4 App. Div. (N. Y.) 569-74-1896; 38 N. Y. Supp. 487. *Thum & Co. v. Tloczynski*, 114 Mich. 149-1897; 38 L. R. A. 200; 72 N. W. 140. Plaintiffs manufactured fly-paper. The process was regarded a secret. The public were excluded from the premises where it was made. The employees at one machine were not allowed to inspect the other machines. The business of the firm grew. The defendant was in the employ of the plaintiffs. He left their employ and began to engage in the manufacture of the same product.

Held, that the evidence showed that the business and the process were a secret; that the defendant knew that fact; that the employment was on the agreement that the defendant would not communicate information received by him to the harm of his employer; that an express agreement existed between the parties, and even though there was no express agreement an agreement would be implied from the facts on which the defendant could be restrained. (Citing Story Eq. Jur. §§ 323, 952.) That it was not against public interest to allow an employer to make such conditions with his employees,

Not all contracts of employment will sustain an injunction of this sort. Actual knowledge of business secrets on the part of the employee, acquired from his employment, is essential, and it must be knowledge of some facts known only to the employer or those in his confidence or under contract with him.

A contract with an employee which forbids him to divulge, during the term of the agreement or afterward, "any information of any nature now known to him, or hereafter acquired by him during the term of his agreement, relating to the process of steel making," etc., was held to compel the employee to either work for this employer or remain idle. Such a contract will not be enforced.⁴¹

Where a general insurance agent left his employer and attempted to divert policy-holders in the company formerly employing him, to his later employer, no injunction was granted, as the relation to the employer was not confidential in the sense that he acquired knowledge of any business secret. Persons might have taken out policies on account of friendship for the agent. There was no reason why he should not solicit their business for new company he represented.⁴² See § 59.

§ 216. Title to Secrets Discovered by Employee as a Part of His Work.—Often persons are employed for the purpose of devoting their time and brains to the invention of new methods relating to the business of their employer. He pays them a salary and defrays the expenses of the experiments, and he is held to be entitled to the ownership of all inventions and secrets discovered by them while in his employ. Such persons will be enjoined from disclosing to others any of the

but was to the advantage of both parties that such a contract should be made. *G. F. Harvey Co. v. National Drug Co.*, 75 App. Div. (N. Y.) 103-1902; 77 N. Y. Supp. 674. L. J. Harvey was in employ of plaintiff as superintendent where he learned secret of compounding certain medicines. He left plaintiff's employ and entered that of defendant to whom plaintiff claimed he had revealed the secret process learned from plaintiff

while in its employ. He was enjoined.

⁴¹ *Taylor Iron & Steel Co. v. Nichols*, 69 Atl. 186-1908 (N. J. C. E. & App.). See also *Alger v. Thatcher*, 19 Pick. 51; *Albright v. Teas*, 37 N. J. Eq. 171.

⁴² *Stein v. National Life Assn.*, 105 Ga. 821-1898; 32 S. E. 615; 46 L. R. A. 150. See also *High Injunctions*, § 19.

information so acquired, and such an injunction will issue also against any who, by means of information acquired through such persons, make use of such inventions. This relief is allowed on an implied contract which the law finds in the relation of persons so employed, that one will not betray any secret of his employer, and further, because such betrayal of a secret would be a breach of trust such as a court of equity will condemn.⁴³

"Westervelt v. National Paper & Supply Co., 154 Ind. 673-1900; 57 N. E. 552. One Taggart was employed by National Paper Company. He was at work on an incomplete tube machine, and it was understood that all improvements made by Taggart to said machine should belong to National Paper Company, and that Taggart should finish machine. Later Taggart was employed by Westervelt to build machines like those he had built for National Paper Company, and at this time Westervelt knew nature of contract of Taggart with National Paper Company and that machine was trade secret. "Said machine was a secret and, under the facts alleged, even if no agreement was made, one would be implied that he (Taggart) was not to disclose the secret of the construction of the machine, or impart any information by which anyone could construct such a machine. He occupied a confidential relation to the National Paper Company and in such case the law raised an implied contract between him and them that the employee will not disclose any trade secret imparted to him or discovered by him in the course of his employment. A disclosure of such secrets thus acquired is not only a breach of contract on his part but is a breach of trust which a court of

equity will prevent" (p. 679). *Held*, injunction would lie against the employee to prevent his manufacturing the machine for others. It would lie against third parties reproducing the machine from plans given by the employee. That the fact that there were in existence machines which would fold paper, which machines were trade secrets not known to the National Paper Company, as showing that the machine was not a secret, did not make the petition demurrable or raise a presumption that it was the same kind of a machine. *Neth v. Ohmer, 30 App. D. C. 478-1908.* One who conveys to employees information and orders that they make a machine, is entitled to their skill and ingenuity, and to any patent or secret process of value which they discover. *Eastman Kodak Co. v. Reichenbach et al., 20 N. Y. Supp. 110-1892.* Plaintiff manufactured Kodak cameras, etc. Defendants were in plaintiff's employ under an agreement to give plaintiff all benefit of any inventions they made. Action was to restrain defendant from revealing secrets learned in course of their employment. Injunction granted. *Stone v. Grasselli Chemical Co., 65 N. J. Eq. 756-1903; 55 Atl. 736; 63 L. R. A. 344.* One Goss was an employee of plaintiffs from 1892

"Every clerk employed in a merchant's counting house is under an implied contract that he will not make public that which he learns in the execution of his duty as clerk * * * and if he avails himself surreptitiously of the information which he could not have had except from a person guilty of a breach of contract in communicating it, I think he could not be permitted to avail himself of that breach of contract." "Where one who was employed as an inventor discovered in the course of his employment a valuable process and attempted to drive a more favorable bargain as to his wages as a consideration for revealing the discovery, the court gave to the employers an order compelling disclosure to them and forbidding disclosure to anyone else, and the injunction issued, although the employee had been dismissed."

There are limits to the information which an employee may not divulge. He usually may disclose where his employer buys material, what his prices are, and his customers, after his employment is ended.

The term employee as here used includes not only workmen and artisans, but all persons who act for another in a capacity which demands of the employed good faith and confidence. For an employee to quit the employment and then use in the service of a rival information of a confidential nature gained in the prior employment is contrary to good faith and fair dealing, and all such actions are not only a breach of trust, but are, if such a presumption be necessary, in violation of implied conditions against such acts, which conditions the law will import into any contract of employment. As seen above, the relation of an insurance agent has been held not confidential within the meaning of this rule, but an injunction has been

to 1901. During this time plaintiff had improved a secret process by a secret method of mixing the ingredients. Goss knew this secret method. He left plaintiffs' employ, entered that of defendants, and disclosed the method. *Held*, he was under an express contract not to disclose the secret. Injunction granted against Goss and defendant.

"*Tipping v. Clarke*, 2 Hare 393. Cited in *Prince Albert v. Strange*, 1 Hall & T. 1-1849 (at p. 24).

"*Silver Spring Co. v. Woolworth*, 16 R. I. 729-1886; 19 Atl. 528.

"*Salomon v. Hertz*, 40 N. J. Eq. 400-1885; 2 Atl. 379.

issued in England against an agent of an advertising house who, on leaving it, used information gained there in his new position. In this case, when the agreement of employment terminated, Evans went to a rival house and used in its employ materials, headings, etc., which he had obtained while with plaintiff. Such use violated the good faith of the employment, and good faith underlies the whole of an agent's obligations to his principal; an agent has no right to employ, as against his principal, material obtained only for his principal and in course of his agency. "The defendant, Evans, was exclusively employed by the plaintiff to collect the advertisements in certain districts, and in regard to the material things, such as blocks and the like, it was the duty of these defendants to furnish the plaintiff with them for the purpose of his work" (id. p. 468). "As well as I could make out from the evidence, the defendant, Evans, has retained some of these blocks and other materials, and also the notes which they have made during the term of their exclusive employment. In my opinion, as between the plaintiff and the defendants, these things could only be used wrongfully as against the plaintiff."⁴⁷ An agreement not to communicate a trade secret applies to agents of the one contracting. On no other basis could vendee safely buy. While such a contract of purchase is a personal covenant, it relates to the actions of others, as well as to the acts of the vendor himself.⁴⁸

§ 217. **Unlawful Secrets.**—The rule which prohibits former employees from making disclosure of their employers' secrets and of information acquired in course of their employment, does not apply to facts acquired by them which show fraudulent conduct on the part of one or more of the employers to the injury of persons dealing with them. The rules applicable to trade secrets do not apply to such a case. There can be no lawful confidence in an iniquitous and unlawful information.⁴⁹

⁴⁷ *Lamb v. Evans*, 3 Ch. 462-1892; affirmed in 1 Ch. 218-1893; 62 L. J. Ch. 404.

⁴⁸ *Tode v. Gross*, 127 N. Y. 480-1891; 28 N. E. 469; 13 L. R. A. 652 note.

⁴⁹ *Gartside v. Outram*, 3 Jur. N. S. 39-1856. Defendant was a former employee of plaintiffs, a firm of brokers, and during his employment had acquired information showing fraudulent conduct on the part of the firm

§ 218. Danger of Injury to Plaintiff by Defendant's Disclosures Must Exist.—In order to obtain an injunction it should appear that the plaintiff is in a position where he is exposed to danger of loss by defendant's acts or threatened acts.⁵⁰

§ 219. One Who Avails Himself of a Secret Fraudulently Disclosed May be Enjoined and Held Accountable for Profits.

—A secret need not be one relating to methods of manufacture or process to receive the protection of the court, but may be some financial or commercial information, or the fact that some customer is about to place an order. If an employee or agent leaves his employer or is discharged knowing such information, and he imparts it to a rival to the damage of his former employer, the second employer will be enjoined from using the information, and may be compelled to account for any profits made from use of this information.

One Hayes, an employee of complainant's predecessor, briefly termed the "New Haven Company," had nearly completed negotiations with a Boston company for placing an order with the New Haven Company, when the latter turned over all its business to complainant, which did not take Hayes into its employ. Hayes then availing himself of information obtained and relations established with the customer while in the employ of the New Haven Company, succeeded in directing the contract to the defendant company. Held, that

to the injury of persons dealing with them. Upon his evidence one person so injured had recovered substantial damages before an arbitrator. The firm then sued to restrain him from making further disclosures, on the ground that his information had been acquired while he occupied a confidential relation to them. Held, that the protection to which one is ordinarily entitled as against any person whom he has employed in a confidential way in his affairs is not to be extended to cases where fraudulent transactions have

come to the knowledge of the person confidentially employed. There can be no confidence in an iniquitous secret.

⁵⁰ *Shonk Tin Printing Co. v. Shonk*, 138 Ill. 34-1891; 27 N. E. 529. The appellant had gone out of business and appellee was its successor. Held, that as it did not appear that at the time the bill was filed the appellant was in a position where it could have been injured by the acts of appellee complained of, and this is an indispensable element of this action, no injunction would issue.

this company was liable to account to complainant for the profits made on this contract.⁵¹

§ 220. Name of a Jobber from Whom Goods Are Bought May be a Trade Secret.— The court, on application of a manufacturer, will not compel a retailer to give information as to who was the jobber who sold certain goods made by this manufacturer to the retailer. This fact is held to be a trade secret.

A dry goods store was asked who sold the goods of plaintiff to them, and on their declining to answer court upheld them, saying that fact was a trade secret not essential to maintenance of the plaintiff's suit. "When a manufacturer parts with his goods and they go upon the market, any third person has the right to purchase and sell them as he pleases without the consent of the manufacturer, under the guise of protecting his trade-mark or the suppression of unfair competition, by permitting him in such litigation to discover the source from which an objectionable merchant to him obtained his supply."⁵²

In connection with this ruling, that of the New Jersey Chancery Court should be noticed, when, in *Salomon v. Hertz*,⁵³ it was held that employees should not be restrained after their employment was ended from disclosing where plaintiff purchased his materials or to whom he sold his goods or the prices at which he bought and sold.

A plea by the defendant that he uses no secret in his business or has possession of no secret, such as the plaintiff alleges he has, will not be sufficient to prevent the issuing of the injunction.

§ 221. Transfer of Secrets.— As early as 1823 trade secrets were objects of transfer by sale, assignments and bequests, and the right of the true owner of a secret to hold to account one who wrongfully obtains possession of it was upheld.⁵⁴

⁵¹ *International Register Co. v. Recording Fare Register Co.*, 151 Fed. 199-1907 (C. C. A. 2d Cir.).

⁵² *Gorham v. Emery, etc., Co.*, 92 Fed. 779.

⁵³ 40 N. J. Eq. 400-1885; 2 Atl. 379.

⁵⁴ *Green v. Folgham*, 1 Sim. & St.

398-1823. The owner of a secret formula for making an ointment, assigned it, on her marriage, to trustees, in trust for her and her husband for their lives, then to be sold for the benefit of their children. The mother destroyed the formula, but verbally communicated its contents to

A secret may be transferred by gift. In *Covell v. Chadwick*,⁵⁶ an administratrix transferred a formula and trademarks by a gift. The donee of the administratrix thereupon made the medicine. The plaintiff, a grantee of an administrator *de bonis non*, who followed the administratrix, attempted in this action to prevent the donee from using the formula. Held, the donee had good title.

Where one has sold for a valuable consideration the exclusive property in a secret medicine, he has no right to reveal the secret to another, and an injunction will issue against the use of such a secret by one to whom it has been revealed either by the vendor himself or by the member of the family or other person who is in possession of it through confidential relations with the vendor.⁵⁶ Whether nominated in the agreement of the transfer or not, the vendor of a secret will not be allowed to impart the secret to a third person after the transfer. The law holds the right conveyed to be exclusive even of the vendor himself, and an injunction will issue against the vendor, or any one of his family or associates who learn the secret through their relations with him, forbidding them to disclose it.

The assignment of a trade secret carries the right to protect it, by preventing disclosure or unauthorized use on the part of those who have held confidential relations with the assignor, though they may never have had any connection with the assignee. This because title to a trade secret, though dishonestly obtained, is good against everyone except the person from whom the secret had been so obtained and his assigns.⁵⁷

§ 222. List of Customers is Secret Property — No One May Canvass Them Except the Owner of the List.— The question whether a person who had sold the good-will of his business was entitled afterward to canvass the customers of that busi-

her eldest son, for the benefit of the brothers and sisters. Upon suit brought against him by some of the latter, he was declared to hold the secret upon the trust of the settlement, and was directed to account for the profits since his mother's death.

⁵⁶ 153 Mass. 263-1891; 26 N. E. 856.

⁵⁷ *C. F. Simmons Medicine Co. v. Simmons*, 81 Fed. 163 (C. C. Ark. 1897).

⁵⁸ *Vulcan Detinning Co. v. American Can Co.*, 67 N. J. Eq. 243-1904; 58 Atl. 290.

ness came first before the courts for decision in the case of *Labouchere v. Dawson*,⁵⁸ and Lord Romilly, M. R., answered in the negative. He was of opinion that the principles of equity must prevail and that persons are not at liberty to depreciate the thing which they have sold. He considered that the defendant was not entitled, personally or by letter, or by his agent or traveler, to go to anyone who was a customer of the firm and to solicit him not to continue business with the old firm, but to transfer it to him; that this was not a fair and reasonable thing to do after he had sold the good-will. Accordingly an injunction was granted "to restrain the defendant, his partners, servants, or agents from applying to any person who was a customer of the firm prior to the date of the sale, privately, by letter, personally, or by a traveler, asking such customers to continue to deal with the defendant or not to deal with the plaintiffs" (id. p. 327).

Before 1876 Trego and wife were in business in Condon. In 1876 Trego took Hunt into partnership, agreeing with Hunt that the good-will should remain Trego's property. Trego died, business was continued by his widow, under contract that she should be sole owner of good-will. In 1894 Hunt employed a clerk out of hours to make a copy of the concern's customers. Injunction granted.⁵⁹

A manager of a game farm surreptitiously copied from his master's order book a list of names and addresses of the customers, with the intention of using it for the purpose of soliciting orders from them after he had left the plaintiff's employ, and set up a similar business of his own. He then left the plaintiff's employ and sent out circulars to the customers in the list, soliciting their trade for himself. Held, that in such a contract of service there is an implied stipulation that the servant will act with good faith toward his master, and that defendant's conduct was a breach of that obligation. The court granted an injunction against the use of information derived from the list, awarded damages and directed that the list be delivered to plaintiff to be destroyed.⁶⁰

⁵⁸ 13 Eq. 322-1872.

⁵⁹ *Robb v. Green*, 2 Q. B. 315-

⁶⁰ *Trego v. Hunt*, 1896 App. Cas. 7. 1895. And see 2 Q. B. 1.

It is seen from the foregoing that under English procedure, where an ex-employee is found to have copied and used a list of customers belonging to his former employer, the court has power to enjoin the use of it, award damages, and direct that the list be delivered to the plaintiff to be destroyed. See §§ 59, 215.

§ 223. Letters May be Secrets.—After dissolution of a partnership, equity will restrain one partner from publishing letters of another partner concerning the business of the firm, unless the purpose of justice, civil or criminal, require such publication.⁴¹ See § 62.

⁴¹ *Roberts v. McKee*, 29 Ga. 161-1859.

CHAPTER XVI.

REMEDIES.

- SECTION 224.** Jurisdiction of courts in unfair competition cases.
- 225. Parties.
 - 226. Injunctions before any act committed — Bills in nature of *quia timet*.
 - 227. Preliminary injunctions.
 - 228. Temporary relief, pending trial.
 - 229. Important and basic facts will not be decided on preliminary hearing.
 - 230. Injunctions against libel and slander of goods and names.
 - 231. Injunction directing use of explanatory phrases.
 - 232. Final relief — Scope of permanent injunctions.
 - 233. The court does not pass upon measures adopted by the defendant to correct his unfair acts.
 - 234. Decree correcting a confusing use of names and signs.
 - 235. Injunctions against use of colors, size, form, etc.
 - 236. Injunctions against use of family names, scope of.
 - 237. Injunction against the use of the name of an ex-partner or former member of a corporation, or owner of a patent.
 - 238. Damages and accounting for profits.
 - 239. Election of remedy by plaintiff.
 - 240. Damage to reputation of product to be reckoned as well as loss of profits.
 - 241. Exemplary damages.
 - 242. Deduction of defendant's expenses from profits.
 - 243. Destruction and delivery up of offending articles.
 - 244. Accounting refused where injunction is denied.
 - 245. Contempt of court by failure to obey injunction.

§ 224. Jurisdiction of Courts in Unfair Competition Cases.

—The general rules as to jurisdiction apply to unfair competition cases, and hardly require discussion in this book. Federal jurisdiction in cases of this sort attaches in two classes of cases. *First*, those arising under the United States trade-mark statutes. Such cases belong to the law of technical trade-mark, and therefore do not fall within the scope of this book.¹

¹ *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 134 Fed. 571-1904; 67 C. C. A. 418; affirmed in 201 U. S. 166-1905; 50 L. ed. 710; 26 Sup. Ct. 425. An action for infringement of trade-mark. *Held*, that the jurisdiction of the federal court depends solely on

So far as jurisdiction of the Federal courts is concerned, unfair competition cases do not differ from other cases. The general rules in that regard apply. And *secondly*, where, regardless of the question of trade-mark, there is a diversity of citizenship and amount claimed amounts to \$2,000 or more. Jurisdiction of the parties will not be sufficient, if the acts complained of were done wholly without the United States. In such a case our courts would lack jurisdiction of the subject-matter.

An action based upon unfair competition sounds in tort, and not in contract.² The gist of the action is the wrong done the plaintiff. There is no contractual relation between the plaintiff and defendant in these actions; accordingly, if the acts complained of are all committed in a foreign jurisdiction, the court will not take jurisdiction even though both parties are before it.

In *Vacuum Oil Co. v. Eagle Oil Co.*,^{2a} the defendants shipped oil abroad in barrels unmarked, except for identification, and then branding them abroad with the plaintiffs' marks. A question of the jurisdiction of the United States Circuit Court over the action arose, and Cross, J., held the scheme having been conceived here and partially carried out here, the court had jurisdiction. He says (p. 874): "It cannot be that the arm of the court is too short to reach and stop this fraudulent conduct, or so much of it, at least, as is carried on in this country." And again (p. 875), the fact that some of the fraudulent acts were committed outside the jurisdiction of

whether plaintiff's registered trade-mark is valid, and if not so, jurisdiction of the case as one of unfair competition cannot be assumed. "Much is said in the brief of appellant to the effect that the defendant has been guilty of unfair competition by palming off on the public ropes of its manufacture as complainant's rope. This is a subject, however, over which the federal courts have no jurisdiction. Complainant and defendant are both citizens of the same state, and for

this reason jurisdiction is confined to the trade-mark as registered. If that mark is invalid, the federal courts are without authority to grant any relief on the ground of unfair trade competition." Citing *Elgin National Watch Co. v. Illinois Watch Case Co.*, 179 U. S. 665-1900; 21 Sup. Ct. 270; 44 L. ed. 365.

² *Vacuum Oil Co. v. Eagle Oil Co.*, 122 Fed. 105-1903 (C. C. N. J.).

^{2a} 154 Fed. 867; affirmed in 162 Fed. 671-1908.

this court and outside of the United States will not avail the defendants.

§ 225. **Parties.**—The fact that the plaintiffs have distinct, different, and unequal interests in the subject-matter of an equitable proceeding will not abate the proceeding, for equity provides for such a contingency and will, in a decree, adjust and define the rights of each. This applies to unfair competition cases.^a

It was held in *Armstrong v. Savannah Soap Works*,^a that the directors of a corporation and, it seems, its agents or employees also, may properly be included as parties defendant in a suit for trade-mark infringement or unfair competition. But directors will not be joined with the corporation as defendants in the absence of an allegation as to them except that they are directors.^b Where a suit for unfair competition was brought against individuals doing business under a corporate name, the corporation, even if it existed and if the individuals were its officers or agents, was not a necessary party.^{ca}

In *Saxlehner v. Eisner & M. Co.*^c executive officers of a corporation were held liable for infringements of the corporation's rights, where they have personally directed the infringement, especially where they control the corporation; and the fact that an injunction has been obtained against a corporation, its officers, and agents, does not preclude complainant from obtaining a separate injunction against the officers as individuals.

Printers who made labels or manufacturers of wrappers or bottles, or articles which are used unfairly, may be made parties defendant jointly with the trader who actually does the passing off.

In equity all those having interests involved in the suit may join therein for the protection of such rights in the subject-matter as they may have, and the same acts may be proceeded

^a *Jewish Colonisation Assn. v. Solomon*, 125 Fed. 994-1903 (C. C. N. Y.).

^{ca} *Elgin Nat. Watch Co. v. Loveland*, 132 Fed. 41-1904 (C. C. Ia.).

^b 53 Fed. 124-1892 (C. C. Ga.).

^c 147 Fed. 189-1906 (C. C. A. 2d Cir.).

^d *Cropper v. Cropper*, 23 R. P. C. 388-1906.

against in one action, although the rights may be diverse,—as, for example, the infringement of separate patents by one machine.^{6a}

So, in *Northcutt v. Turney*,^{6b} it was held that owners of different springs, entitled to use a common trade-mark or trade name, might join in a suit to enjoin its use by another.

In *Morse v. Hall*,^{6c} the administrator of a deceased partner might join with members of a firm authorized to use the deceased partner's name. Those controlling a corporation are properly joined as defendants in an action against it,^{6d} and the organizers and officers who own most of the stock.^{6e} In general, agents and servants may be joined as defendants, although, it would seem, those who are mere workmen in the employ of a manufacturer^{6f} should not be so joined. An exclusive licensee should be joined as a complainant with the proprietor.^{6g}

Stockholders of a corporation sued for unfair competition are not proper parties defendant.^{6h} But in *William G. Rogers Co. v. International Silver Co.*⁶ⁱ it was held that an individual engaged in business in which he is chargeable with unfair competition and who transfers the business to a corporation of which he becomes a stockholder, may be joined with the corporation as a defendant. Sellers of the offending goods may be joined as defendants with the manufacturers.^{6j}

It is not indispensable to join as a defendant the corporation in whose name certain individual defendants charged with unfair competition were carrying on a business.^{6k} Nor is it necessary to join as a defendant the actual proprietor of a business who was unknown to the public and who acted through an agent.^{6l}

^{6a} *Jewish Colonization Assn. v. Solomon & Germansky*, 125 Fed. 994.

^{6b} 101 Ky. 314.

^{6c} 109 Mass. 409.

^{6d} *California Fig Syrup Co. v. Improved Fig Syrup Co.*, 51 Fed. 296.

^{6e} *Burrow v. Marceau*, 124 A. D. (N. Y.) 665.

^{6f} *Estes v. Worthington*, 30 Fed. 465.

^{6g} *Wallach v. Wigmore*, 87 Fed. 469

(preliminary injunction denied where such licensee was not joined).

^{6h} *Hall's Safe Co. v. Herring-Hall-Marvin Safe Co.*, 146 Fed. 37.

⁶ⁱ 118 Fed. 133.

^{6j} *Matsell v. Flanagan*, 2 Abb. Pr. (N. S.) 459.

^{6k} *Elgin Watch Co. v. Loveland*, 132 Fed. 411.

^{6l} *Bradley v. Morton*, 33 Conn. 157.

§ 226. **Injunctions Before any Act Committed — Bills in the Nature of Quia Timet.**—Injunctions will be granted to prevent threatened acts of unfair competition. It is not necessary to wait until a name that tends to mislead the public and is likely to be used for that purpose, is actually used in the business of the defendant. Equity favors him who in such a case acts promptly and before rights or equities (such as those of innocent stockholders) have attached.⁷ Where an answer avers that the defendant intends to do unfair acts in the future, substantially the same as those complained of, an injunction is warranted. This is held in *Enterprise Co. v. Lander*,⁸ where the goods which the defendant had made in imitation of those of the plaintiff had been offered for sale, but none sold. An injunction will be granted against persons about to form a corporation to engage in the same business as plaintiff, under a name so similar to plaintiff's as to be likely to cause confusion and so injure plaintiff's business, without waiting for business to be actually begun under the corporate name.⁹ No evidence of actual deceit is necessary to procure such relief. Probability of deception may be enough, but it must be imminent. No substantial pecuniary loss need be proved. The mere fact of very close resemblance of labels has been held enough to warrant an injunction. The Court of Appeals in New York has said:¹⁰ that "no evidence was given or offered (in this case) to show that any person had actually been deceived by the imitation of the plaintiff's trade-mark, and we think that none was necessary for the maintenance of the action. It is the liability to deception which the remedy may be invoked to prevent. It is sufficient if injury to the plaintiff's business is threatened or imminent to authorize the court to intervene to prevent its occurrence. The owner is not required to wait until the wrong-

⁷ *Edison Storage Battery Co. v. Edison Automobile Co. of Washington, D. C.*, 67 N. J. Eq. 44-1904; 56 Atl. 861.

⁸ 131 Fed. 240-1904.

⁹ *Hendriks v. Montagu*, 50 L. J. (Ch.) N. S. 456-1881; *Huntley &*

Palmer v. Reading Biscuit Co., Ltd., 10 R. P. C. 277-1893. See § 128 note 23.

¹⁰ *Taendsticksfabriks Aktiebolaget Vulcan v. Myers*, 139 N. Y. 364-67-68-1893; 35 N. E. 603.

ful use of his trade-mark has been continued for such a length of time as to cause some substantial pecuniary loss.”¹¹

Preliminary injunction will be granted against use of a trade name before any use is made of it at all, where it appears there are other names which are legitimate and proper for the purpose, and the defendant is threatening to take away another's business by use of the particular name in question.¹²

Two corporations, the “Elgin National Watch Company” and the “Elgin Watch Case Company” were held entitled to restrain defendants from completing the incorporation of a rival company, to be located at Elgin, under the name of the “Elgin National Watch Case Company,” on the ground that confusion would be sure to result.^{12a}

The “Universal Life Assurance Society,” which had long been doing a large life insurance business with head offices in London, was held entitled to an injunction against the registration of the name “Universe Life Assurance Association, Limited;” the proposed new company had been advertised as about to engage in the business of life insurance in Great Britain and elsewhere, and had a temporary office in London, but had not yet commenced business.¹³

Again, although infringement has been discontinued before the bringing of the suit, complainant may have an injunction where the acts or declarations of defendants indicate that they still claim the right to do the acts which the complainant alleges to constitute the infringement.¹⁴

§ 227. Preliminary Injunctions.—In general, a preliminary injunction will not be granted where the evidence is conflicting and doubtful. Evidence of unfair conduct must be reasonably clear.¹⁵ But even though a preliminary injunction is refused,

¹¹ See also *Manufacturing Co. v. Trainer*, 101 U. S. 51-1879; 25 L. ed. 993.

¹² *Huntley & Palmer v. Reading Biscuit Co., Ltd.*, 10 R. P. C. 277-1893.

^{12a} *Elgin Nat. Watch Co. v. Eppenstein*, 1 Ill. Circ. Ct. 602-1892.

¹³ *Hendriks v. Montagu*, 50 L. J. (Ch.) N. S. 456-1881.

¹⁴ *Saxlehner v. Eisner & M. Co.*,

147 Fed. 189-1906 (C. C. A. 2d Cir.), affirming 140 Fed. 938-1905 (C. C. S. D. N. Y.).

¹⁵ *Cantrell & Cochrane v. Wittemann*, 109 Fed. 82-1901 (C. C. S. D. N. Y.); *S. Howes Co. v. Howes Grain Cleaner Co.*, 19 App. Div. (N. Y.) 625-1897; 46 N. Y. Supp. 165; *Benjamin Moore & Co. v. Anwell*, 158 Fed. 1908 (C. C. N. Y.).

protection in some other form, pending a final hearing, is sometimes afforded the complainant, as by requiring defendant to keep an account of sales. In *Goodyear Rubber Co. v. Day*,¹⁶ the claim was that the name "Goodyear" was entitled to be protected as a trade-mark or trade name, although the patent had expired; and that it had not become common property as merely descriptive. The court was inclined to think that there was no infringement, and refused a preliminary injunction, but directed an account of sales to be kept by defendant.¹⁷

The publisher of "The Pictorial Almanack" sought to enjoin the publisher of "Old Moore's Family Pictorial Almanack," the cover of which resembled in some points that of the first almanac, but in other points differed conspicuously. The court refused an injunction, but directed an account of sales to be kept, Chancellor Cottenham saying that unless the legal right is very clear in a case of this kind, no preliminary injunction should be granted.¹⁸

¹⁶ 22 Fed. 44-1884 (C. C. E. D. Mo.).

¹⁷ *Stirling Silk Mfg. Co. v. Sterling Silk Co.*, 59 N. J. Eq. 394-1900; 46 Atl. 199. A preliminary injunction was denied, on condition, however, that defendants should keep an account of profits pending suit.

¹⁸ *Spottiswoode v. Clarke*, 2 Phil. 154-1846. *Van Camp Packing Co. v. Cruikshanks Bros. Co.*, 90 Fed. 814-1898 (C. C. A. 3d Cir.). Preliminary injunction held to have been properly denied, where the evidence did not show with certainty that there was such similarity in the dress of goods as to mislead the ordinary purchaser, there being no proof that anyone had actually been misled. *N. Y. Asbestos Mfg. Co. v. Ambler Asb. Air-Cell Cov'g Co.*, 99 Fed. 85. Not granted on *ex parte* affidavits unless clear case made out, where it would result in serious damage to defendant. *Baker v. Sanders*,

97 Fed. 948. Court are inclined to grant a preliminary injunction against the use of the labels, where a decree has been entered by another court in a suit by the same complainant against a defendant, enjoining the use of the same labels. *E. T. Fairbank & Co. v. Des Moines Scale & Mfg. Co.*, 96 Fed. 972. Refused where complainant had for many years known of defendant's alleged infringement, where answer fully meets the case made by the bill, and where defendant's insolvency is not shown. *Centaur Co. v. Marshall*, 97 Fed. 785; 38 C. C. A. 413. Refused, where asked to enjoin use of wrappers already abandoned by defendants, or of advertising matter which they agree at the hearing not to use pending the suit. Clear case must be made out, both as to right and to injury. *Postal Tel. Cable Co. v. Netter* 102 Fed. 691; *N. Y. Asb.*

§ 228. Temporary Relief, Pending Trial.—It frequently happens that an application will show apparent grounds for a preliminary injunction, provided the facts alleged are true, but it is not possible for the court to be certain of the truth of the allegations of these facts. In such cases preliminary relief of a temporary sort may be granted until the facts are passed upon at a final hearing.

In *Rushmore v. Saxon*¹⁹ unfair competition in imitating a lamp was alleged. Decision upon most of the questions involved — as to details of construction and as to certain words used — was postponed till final hearing; but defendant was required, by the preliminary injunction, to enlarge his nameplate so as to make his distinctive name more conspicuous.

“ Upon filing a bond for \$2,000, conditioned upon final success in the suit and which would seem to be amply sufficient to cover any additional expense to which defendant may be put, complainant may take an injunction *pendente lite* restraining the defendant Keller from selling the candies of Allegretti & Co. in packages bearing the name “Allegretti” unless such name be accompanied with the statement, ‘No connection with the original Allegretti of Chicago,’ and be further restrained from using said name in signs or advertisements unaccompanied with a like statement.”^{19a}

§ 229. Important and Basic Facts Will not be Decided on Preliminary Hearing.—In the Southern District of New York it has been said to be the practice of the court to delay issuing injunctions in trade-mark cases until on final hearing the valid-

Mfg. Co. v. Ambler, etc., Co., 102 Fed. 890; *Pfeiffer v. Wilde*, 107 Fed. 456; *Cantrell & Cochran v. Wittemann*, 109 Fed. 82 (conflict of evidence as to priority of form of label); *Diamond Match Safe Co. v. Safe Harbor Metal Co.*, 109 Fed. 154; see *Schenker v. Auerbach*, 89 App. Div. (N. Y.) 612; *National Starch Co. v. Koster*, 146 Fed. 259. Not granted on conflicting evidence — especially where com-

plainant had known of conduct of defendant for a year and a half. *C. O. Burns Co. v. W. F. Burns Co.*, 118 Fed. 944. *Int. Silver Co. v. Simeon L. & George H. Rogers Co.*, 110 Fed. 955. Part of the relief sought may be afforded by preliminary injunction, while another part is withheld until hearing and final decree.

¹⁹ C. C. A. 2d Cir. Nov. 1908.

^{19a} *Allegretti v. Keller*, 85 Fed. 643.

ity of the mark was tested.²⁰ Whether the court would apply this rule when, in a case of unfair competition, the affidavits on application for preliminary injunction show that a representation had been made by the defendant that he was the plaintiff, or his goods were the plaintiff's goods, may be doubted.

A broad decision as to identity or quality as between two brands of goods will not be decided on *interim* application. The "Chartreuse" case well illustrates this point.²¹ The monks of the Grand Chartreuse in France had long sold a liqueur, claimed to be made by a secret process, and well known as "Chartreuse,"—the name being registered as a trade-mark in the United States. About 1901 the order was judicially dissolved, its members expelled from France, and a receiver appointed, who, under authority of the court, continued the trade-marks formerly used by the monks, and put up the goods in the same manner and with the same labels as they had done. Defendant was the receiver's agent in the United States. The monks removed to Spain, and there engaged in the manufacture of what they claimed to be the only genuine "Chartreuse," which they sold under a new label and trade-mark. A preliminary injunction restraining defendant from using in this country the bottles, labels, name, and trade-mark formerly used by the monks, based on affidavits largely made on information and belief, and which did not determine the question whether the product is the same originally sold under such trade-mark, was too broad in its terms, and was modified by allowing sales by defendant, provided an additional label was attached to each package reading as follows: "This liqueur is made at the Grande Chartreuse, in France, under the direction of M. Lecouturier, appointed liquidator of the property of the congregation of Carthusian monks after its dissolution and expulsion from France" (p. 499).

A preliminary injunction may require, as a condition of its issuance, that a stipulation as to future conduct be entered into by the plaintiff with the defendant. Where the defendant

²⁰ *Carmel Wine Co. v. Palestine Hebrew Wine Co.*, 161 Fed. 654-1908. ²¹ *Baglin v. Cusenier Co.*, 141 Fed. 497-1905 (C. C. A. 2d Cir.).

manufactured what might properly be designated as "Clark Spool Cotton," and both parties advertised their own goods as the only genuine article as described, the plaintiffs were held not entitled to enjoin defendant from continuing such advertisements, unless plaintiffs would stipulate to discontinue their own advertisement of the same nature.²²

In the ordinary case, a preliminary injunction will prohibit the specific imitation complained of and also any other misleading imitation, sometimes leaving open the question as to just what is misleading, after holding the one in use by the defendant is actually causing deception.

Lacombe, J., has granted a preliminary injunction against use of packages, samples being annexed to the order, and against the use of "any other packages which by the collocation of the bottle, carton, wrappers, labels, colors, and type so similar to the small packages of the complainant as to be calculated to mislead purchasers," and thus leaving it to the parties themselves to decide as to what packages, bottles, and the like would or would not be similar.²³

§ 230. Injunctions Against Libel and Slander of Goods and Names.—In cases involving alleged libel or slander of goods or names, a preliminary injunction will not usually be granted. In England it is granted now under the statutory power of the court. It is refused here because an equity judge will refuse to decide the question of libel or no libel on affidavits,—usually will refuse to do so even on final hearing.²⁴ See chapter on Libel and Slander.

§ 231. Injunction Directing Use of Explanatory Phrases.—A preliminary injunction may be granted directing that any use of the name claimed by the plaintiff shall be accompanied by a statement that the defendant has no connection with the plaintiff, this being ordered because of the affirmative duty which rests on the defendant to differentiate the name he uses as a trade name from other names which are in use when he adopts his own trade name.²⁵

²² *Clark v. Clark*, 25 Barb. (N. Y.) 76-1857.

²⁴ See chapter on Libel and Slander.

²⁵ *Hansen v. Siegel-Cooper Co.*, 106 Fed. 690-1900 (C. C. S. D. N. Y.).

²⁵ *Allegretti Choc. Cream Co. v. Keller*, 85 Fed. 643-1898 (C. C. S.

§ 232. Final Relief — Scope of Permanent Injunctions.—

As to forms of final decrees, see *Cohen v. Nagle*,^{25a} enjoining use of name "Keystone Maid Cigars;" *Cash v. Cash*, § 236, *infra*, as to injunction against use of name "Cash;" form given in *Meyer v. Dr. Bull & Co.*^{25b} The form in *Faber v. Faber*^{25c} was in part this: "The complainant is entitled to a decree enjoining and restraining the defendant from using the name "Faber" alone, as applied to pencils or rubber stationer's goods, and from using the name "Faber Pencil Company," or "E. Faber Pencil Company," and from making, selling, or causing to be made or sold, or advertising or causing to be advertised, any lead pencils, erasive rubber, or rubber bands, bearing thereon, or on the labels, wrappers, boxes, or other coverings affixed thereto, or in which the same are contained, either stamp lettering or other marks containing the name "Faber," or "Faber Pencil Co.," or "E. Faber Pencil Co.," or any like or similar designation in which the name "Faber" is used, without the prefix "Eberhard," or "John E.," or "J. Eberhard," but the defendant may use the word "Faber" with either of said prefixes, as he may elect."

Further as to form of final decree, see *Cincinnati U. S. Co. v. Cincinnati Shoe Co.*^{25d}

For form of a decree against the use of a name of a semi-geographical character which is held to have acquired a secondary meaning, see *Cohen v. Nagle*.^{25e}

As to form of prayer for final decree, see *Vulcan Detinning*

D. N. Y.). Complainant manufactured confectionery in Chicago, its products being known also in New York. Defendant was the New York agent of Allegretti & Co., competing manufacturers in Chicago. The court considered that the last-named firm had willfully created confusion as to the identity of its own products and those of plaintiff respectively. Held, that defendant should be restrained, *pendente lite*, from selling the goods of Allegretti & Co. in packages bearing the name "Alle-

gretti" unless accompanied with the statement "no connection with the original 'Allegretti' of Chicago," and from advertising in that name without a similar statement.

^{25a} 190 Mass. 4-12-13-1906.

^{25b} 58 Fed. 884.

^{25c} 124 Fed. 615.

^{25d} 7 Ohio N. P. 135; *Enterprise Co. v. Landers*, 131 Fed. 240, also *Walter Baker & Co. v. Baker*, 87 Fed. 211.

^{25e} 190 Mass. 4-12-13-1893; 76 N. E. 276.

*Co. v. American Can Co.*²⁵ See also § 68, as to duty to use explanatory phrases and words in connection with names.

§ 233. **The Court Does not Pass Upon the Measures Adopted by the Defendant to Correct His Unfair Acts.**—A final injunction should prohibit the specific infringement or act of unfair competition complained of, and also all similar infringements or acts. But it is not the province of the court, upon the settlement of the degree, to pass in advance upon a modified form of name, marks or dress proposed to be adopted by defendant to correct the abuses alleged in the plaintiff's bill, and to determine whether or not the corrected form is fair to the plaintiff and lawful. If the court did this it would be aiding the defendant,—showing him how—to come as nearly as possible to the plaintiff's mark and still keep within the law. The choosing of a new mark, or name, or label must rest with the defendant, not with the court. His duty in doing that is to keep as far from imitation as possible. He must make his choice unaided by the court. If he has acted unfairly, he is still answerable to the plaintiff.

The Circuit Court of Appeals for the Seventh Circuit has said²⁶ that a court should not in advance approve a new form of label proposed to be used, especially where there was deliberate infringement in the use of the old label; that in such cases it ought not to say how near the infringer may lawfully approximate the label of the complainant, but should cast the burden upon the guilty party of deciding for himself how near he may with safety drive to the edge of the precipice, and whether it be not better for him to keep as far from it as possible²⁷ (p. 813). The same court has also said:²⁸ “But the court cannot say what shall, so much as what shall not, be done; the limit of which would seem to be that, as already indicated, they shall not use the word Hooton * * * except as they clearly and unmistakably state * * * that it

²⁵ 69 Atl. 1103–1908 (N. J. Eq.).

²⁶ *Chas. E. Hires Co. v. Consumers' Co.*, 100 Fed. 809–1900.

²⁷ *Mitchell v. Williams*, 106 Fed. 168–1901 (C. C. A. 7th Cir.); *Sterling Remedy Co. v. Spermine Medi-*

cal Co., 112 Fed. 1000–1901 (C. C. A. 7th Cir.).

²⁸ *Van Houten v. Hooton Chocolate Co.*, 130 Fed. 600–5–1904 (C. C. N. J.).

is not the Van Houton Cocoa made by complainants Van Houten & Zoon."

A court should consider all the defendant's acts together in forming its opinion of his purposes and their results to the plaintiff, and their relation to his rights. "The court should not be nice in limiting the scope of the relief granted, because some of the imitations, if practiced singly and without fraudulent intent, might not constitute unfair competition."

§ 234. Decree Correcting a Confusing Use of Names and Signs.—It is not necessary that two dealers whose goods or places of business are likely to be confused with each other should state in their advertising and signs the proprietorship of each store—it is enough if they so designate their own as to show to the public that it is a different place from that of the rival, and an injunction correcting such an unfair use of a sign should direct such use of the signs or names as will indicate accurately the character of their use.

Where defendant built a store next door to plaintiff's store, and failed to distinguish his store so that customers were induced by his signs to go into defendant's store when they were seeking that of plaintiff, a decree ordering defendant to "place signs both inside and outside his building showing to the world the proprietorship thereof" was "too strict in that it requires the proprietorship of the store to be shown. In this particular we think the decree should be modified so as to require that the defendant in the conduct of his business shall distinguish his place of business from that in which the plaintiff is carrying on his business, in some mode or form that shall be a sufficient indication to the public that it is a different place of business from that of the plaintiff." ³⁰ Here again the order should not provide what the new *indicia* should be, but merely direct that they be of such a character as not to confuse and mislead.

§ 235. Injunctions Against Use of Color, Size, Form, Etc.—Where an injunction is couched in general terms might appear to forbid the exercise of some universal right, such as the use

³⁰ *Sterling Remedy Co. v. Spermine Medical Co.*, 112 Fed. 1000-1901 (C. C. A. 7th Cir.).

³¹ *Weinstock, Lubin & Co. v. Marks*, 109 Cal. 529-43-1895; 30 L. R. A. 182; 42 Pac. 142.

of colors, form, size, or shape, the order may specifically state that it does not forbid the making and selling of packages or goods of the same size, shape, form, color, etc., as plaintiff's package or goods, *provided*, they are so made as not to cause deceit of purchasers. The Circuit Court of Appeals, Second Circuit has met the plea that no monopoly can be given of color, thus:³¹ "Injunction should issue against putting up and selling, or offering for sale, 'The particular form of package which has been referred to in the bill, and put in evidence as "Defendant's Second Package,"' or any other form of package which shall, by reason of the collocation of size, shape, colors, lettering, spacing, and ornamentation, present a general appearance as closely resembling the 'Complainant's Package,' referred to in the bill and marked in evidence, as does the said 'Defendant's Second Package.' This would seem to be sufficient; but, since so much has been said about the impossibility of forming any decree which would prevent the sale of the package complained of, and yet not give complainant the monopoly of yellow paper for its wrappers, the following clause may be added: 'This injunction shall not be construed as restraining defendant from selling packages of the size, weight, and shape of complainant's package, nor from using the designation "Buffalo Soap Powder," nor from making a powder having the appearance of complainant's "Gold Dust," nor from using paper of a yellow color as wrappers for its packages, provided such packages are so differentiated in general appearance from said "Complainant's Package," that they are not calculated to deceive the ordinary purchaser.'"

§ 236. Injunctions Against Use of Family Names — Scope of.—The injunction issued in *Cash v. Cash* in the lower court,³² was in form as given below, but it was later modified by the Court of Appeal.³³

"The court then ordered (1) that the defendant should be restrained from carrying on the business of a manufacturer

³¹ *N. K. Fairbank Co. v. R. W. Cash*, 84 L. T. (Ch.) N. S. 352-*Bell Mfg. Co.*, 77 Fed. 869-79-1896 1901.

(C. C. A. 2d Cir.).

³² 86 L. T. 211; 50 Wkly. Rep.

³³ *J. & J. Cash, Ltd. v. Joseph* 289-1902.

or seller of frillings or woven names or initials under the name of Joseph Cash & Co., or under the name of Cash, and from carrying on any such business under any name or in any manner so as to mislead or deceive the public into the belief that the business of the defendant or the frillings or woven names or initials manufactured or sold by him were the business of or goods manufactured by the plaintiffs, or that the defendant was carrying on the business formerly carried on at Coventry by Messrs. J. and J. Cash, the vendors to and predecessors in business of the plaintiffs; (2) that the defendant should be restrained from making over his business in frillings or woven names or initials to, or acting as managing director of any company formed to carry on such business, or having a name calculated or likely to mislead or deceive the public into the belief that the business, frillings, or woven names or initials of such company was the business, frillings, or woven names or initials of the plaintiffs, or that such company was carrying on the business formerly carried on at Coventry by Messrs. J. and J. Cash, and from otherwise assisting any such company to so mislead or deceive the public; (3) that the defendant should be restrained from soliciting or assisting any limited or other company, or other person or persons, to solicit, whether by circular or otherwise, any former customer or customers of the firm of Messrs. J. and J. Cash of Coventry, to deal with the defendant or any such company, or person for goods of a kind manufactured by the old firm of Messrs. J. and J. Cash, and still manufactured by the plaintiffs, or not to deal with the plaintiffs for goods of the kind aforesaid."

The form of this injunction order on appeal is given in the chapter on Family Names or Surnames as Trade Names.

The decree may forbid the use of a name unless information that the concern using it is *not* the same concern which has been accustomed to use it, is given every time it is used. In *Hall's Safe Co. v. Herring-Hall-Marvin Safe Co.*³⁴ the form of the injunction was as follows: "The defendant, the

³⁴ 146 Fed. 37-1906 (C. C. A. 6th Cir.); appealed in 208 U. S. 554-1908.

Hall's Safe Company, * * * are perpetually enjoined from carrying on the safe or vault business in the name of the Hall's Safe Company, or any name having similarity to the name Hall's Safe & Lock Company, without also giving information to the public that it is not the business formerly carried on by the Hall's Safe & Lock Company, and from marking, advertising, or otherwise designating its safes and vaults as the products of the Hall's Safe & Lock Company or its successors in business, or pretending that it is carrying on the business started by Joseph Hall, and continued by the Hall's Safe & Lock Company, and from interfering in any manner with the exclusive right of the complainant to possess and enjoy the good-will acquired by the Hall's Safe & Lock Company, and from using the trade name of said last-named company without at the same time so qualifying such trade name as to show that the trade name so used is not the one formerly used to designate the products of Hall's Safe & Lock Company " (p. 44). This decree has been affirmed.⁸⁵

§ 237. Injunction Against the Use of the Name of an ex-Partner or Former Member of a Corporation or Owner of a Patent.—Where one leaves a corporation which bears his name, the company retaining the right to continue to use the name, an injunction against him for unfair use of his name should forbid its use in general terms. But where there are patents bearing his name, that name may be used to show that goods are made under that patent — as under the " Penberthy Patent," or the " X Patent," but such use even must be with care that no false impression is given thereby. In *Penberthy Injector Co. v. Lee*,⁸⁶ the court decreed " that the several defendants severally and jointly, and the firm and corporation known as the Lee-Penberthy Manufacturing Company, their counselors, attorneys, solicitors, agents, servants, and workmen, be, and they are, each and every one of them, enjoined from the use of the name ' Penberthy ' in the firm or corporate name in any way, and from the use of the name ' Penberthy ' upon their product, packages, or advertising matter, or advertisements. But said defendants

⁸⁵ 208 U. S. 554-1908.

⁸⁶ 120 Mich. 174-79-1899; 78 N. W. 1074.

may indicate that their product is manufactured under Penberthy's patent, if such be the fact, provided that with each and every such statement, and in connection therewith, there shall be also indicated, in type equally as prominent, that 'W. Penberthy is distinct from, and has no connection with the original Penberthy Injector Company.' "

An injunction protecting a family name, which is a part of a corporate name and which has been purchased with the good-will of that corporation, should forbid the use of the family name, either alone or in combination, in a corporate name, on goods or in advertisements unless *accompanied* by information that the one using it is not the person that originally used it or his successor, and that the article is not the product of that first user of the name.³⁷

§ 238. Damages and Accounting for Profits.—A successful complainant is entitled often, not only to an injunction, but to compensation for the loss that has already resulted to him. In an action at common law this would be by way of damages, awarded by a jury, while the remedy in equity is an accounting of profits. The right to an accounting of profits or damages may be lost by *laches*.

Right to accounting of the profits of an infringer of a trademark has been held to be barred by *laches* of complainant, who for over three years had made no objection to the use of the infringing label, although known to him.³⁸

The fact that there has been no intent to defraud on the part of defendant may be taken into account and, in a clear case, as where he has been in ignorance of complainant's rights, he may be relieved from liability to compensate.³⁹

Regis v. Jaynes & Co.,^{39a} deals with the right of plaintiff to an accounting where the defendants were well known and the plaintiff was not, and the offending goods were sold on the strength of the defendants' reputation, not the plaintiff's. In

³⁷ *Herring-Hall-Marvin Safe Co. v. Hall's Safe Co.*, 208 U. S. 554-60-1908.

³⁸ *N. K. Fairbank Co. v. Luckel, King & Cake Soap Co.*, 106 Fed. 498-1901 (C. C. Oreg.).

³⁹ *Consolidated Ice Co. v. Hygeia Distilled Water Co.*, 151 Fed. 10-1907 (C. C. A. 3d Cir.).

^{39a} 191 Mass. 245.

this case, the defendants were directed to account. This decision is questioned in an article at p. 620 of Vol. 20, Harvard Law Review.

§ 239. Election of Remedy by Plaintiff.— Election between damages and an accounting for profits may be had in equity. It is always the privilege of one injured by unfair acts of another to sue at law for damages or in equity for an injunction and for an accounting, as he elects.⁴⁰ If the result shows the election was unwise, the complainant cannot claim relief on the ground he discarded in his election.

Plaintiff set up infringement of trade-mark and simulation, and demanded an injunction, an account of profits, and damages. If a complainant be required to elect between an accounting of profits, such as could be had in an equitable action, and damages for simulation of goods, such as would be recoverable in a common-law action as in other cases of fraud, and he elects to sue for an injunction and accounting of profits, reserving the right to sue for damages in another action, if the court finds upon the evidence that there was no infringement of trade-mark but was fraudulent simulation, he is not entitled to an accounting, nor, in view of his election, to the damages to which he would otherwise have been entitled; and will be awarded nothing but an injunction.⁴¹

§ 240. Damage to Reputation of Product to be Reckoned as Well as Loss of Profits.—American courts are not inclined to limit compensation to the profits made by the infringing party, but to allow those as a minimum measure of damages, and, in addition, enough to cover any further loss, such as by damage to reputation. Thus in *Graham v. Plate*,⁴² it was held that where a trade-mark has been infringed, the whole profits from sales of the infringing goods are the minimum measure of damages, and damages are not limited to such profits. This rule is based on the fact that repayment of profits would not in all cases completely indemnify the plaintiff. The damage has been said to consist of two elements: (1) loss of justly-earned profits; (2) injury to the reputation of the

⁴⁰ *Hagan & Dodd Co. v. Rigbers, Taylor*, 27 Ky. L. Rep. 625; 85 S. 1 Ga. App. 100; 57 S. E. 970-1907. W. 1085-1905.

⁴¹ *E. H. Taylor, Jr., & Sons Co. v.* ⁴² 40 Cal. 593-1871.

product; and an award to cover one will not recompense loss on account of the other. "The question of the true measure of damages in cases of this sort is an interesting one. The injured party is entitled to full compensation for the injury, but how shall that be measured? Manifestly, the profits which the infringer had made would not in all cases be compensation to the injured. The latter's loss in part inheres in the failure to acquire a just and deserved gain; in the injury to the reputation of his product by reason of the substitution of the spurious article. The latter element is difficult, if not impossible, of accurate measurement. It can only be approximately compensated by an allowance in the nature of punitive damages, resting largely in discretion. But as to the actual loss, is it not more reasonable to say that the loss sustained is the profit which the injured party would have made if the genuine goods had been supplied, and not the profit which the party inflicting the injury actually made by the unlawful sale? That is to say, ought not the injured party to receive the difference between the cost to him of the manufacture of his article and the price at which he is able to dispose of it in the market, together with such sum as the court in its discretion should think the genuine article had lost in its reputation by substitution of the spurious article? Should not regard be had to complainant's loss, rather than to defendant's profits? (citing *Hall v. Stern*, (C. C.) 20 Fed. 788). It has been supposed that the measure of damages in these cases is analogous to the measure of damages allowed for infringement of a patent, but Judge Sawyer suggests that the analogy will not hold."⁴³

§ 241. Exemplary Damages.—Exemplary or discretionary damages are sometimes allowed. The actual damage shown is not binding on the court, but it may direct further damage, in its discretion, according to the circumstances of the case before it. There must be usually some substantial injury to warrant such damages being awarded.

⁴³ *Walter Baker & Co. v. Slack*,
130 Fed. 514-19-20-1904 (C. C. A.
7th Cir.).

Where an employee of defendant, without his knowledge, in a very few instances put inferior cigars, not made by plaintiff, in a box bearing plaintiff's trade-mark, and sold them as his cigars, and no actual damages were proved, the plaintiff was given nominal damages, but was held not entitled to exemplary damages.⁴⁴

The court will not speculate as to what proportion of the profits made on infringing goods would have been made if the goods had been sold under legitimate names, marks, and *indicia*. The whole of the net profits are forfeited to complainant. It would be most difficult for the complainant to give speculative evidence as to what part of the defendant's profits were due to the unfair conduct, which would be of sufficient value to warrant the court following it.

In *Saxlehner v. Eisner & Mendelson Co.*,⁴⁵ it was held, that it was not incumbent upon a complainant to show what part of defendant's profits were due to the simulation of label and sale of the goods which were to be accounted for. The infringing party "will hardly be heard to say that he would have been equally successful had he used honest *indicia* and labels. It would be casting an intolerable burden upon the complainant in such cases if, after proving the fraud, the infringement and the profits, he were compelled to enter the realms of speculation and prove the precise proportion of the infringer's gains attributable to his infringement" (p. 24).

§ 242. Deduction of Defendant's Expenses from Profits.—There appears to be some conflict in the decisions as to what expenses may properly be deducted from the gross profits upon an accounting of this kind. The better opinion seems to be that the expenses incident to the selling of the infringing goods, or a fair and proportionate part of the general selling expenses of the party, are to be deducted from gross profits, but this rule is questioned by Jenkins, J., in *Walter Baker & Co. v. Slack*.⁴⁶ The expenses of salesmen, who sold other goods than those complained of, should not be charged exclusively

⁴⁴ *Lampert v. Judge & Dolph Drug Co.*, 119 Mo. App. 693-1906; 100 S. W. 659. See also *Addington v. Cullinane*, 28 Mo. App. 238-1887.

⁴⁵ 138 Fed. 22-1905 (C. C. A. 2d Cir.).

⁴⁶ 130 Fed. 514-1904.

against the profits from the goods complained of.⁴⁷ In the computation upon an accounting for the profits made by a defendant who is found to have carried on unfair competition, there should be deducted from the receipts the cost of manufacture, and a proportionate part of the general selling expenses of the business, in spite of the fact that it does not appear that the selling expenses were increased by the sale of the infringing goods.⁴⁸ Where it appears that the unlawful business was carried on in connection with defendant's regular business and by the same agencies, so as to involve substantially no additional expense, no expenses will be deducted. "The unlawful venture increased the gross profits without swelling the gross expenses. Furthermore, the wrongful act in question was committed knowingly, without a shadow of excuse" (p. 922).⁴⁹

The case of *W. R. Lynn Shoe Co. v. Auburn-Lynn Shoe Co.*,⁵⁰ is authority for the following rules as to computing the amount due in an accounting of profits.

Sales under a trade name, condemned as involving unfair competition, but not under unauthorized marks, made to persons who knew the goods were made by defendant, or to persons at a distance who knew nothing of plaintiff, are not to be assumed to have been injurious to plaintiff.

Salaries of managing officers may be included in the cost of the business, in computing profits, except where the officers are practically the corporation.

A successful plaintiff is entitled to recover not only an amount equivalent to defendant's profits, but also any losses resulting to its own business from the unfair competition, and if losses can be shown, it is not necessary that they be capable of exact computation; if a reasonable estimate can be made, that is enough. No accounting for damages will be directed, where the damages appear too small to justify the expense of taking an account;⁵¹ nor where there is no theory on which a

⁴⁷ *Saxlehner v. Eisner & Mendelson Co.*, 48 Fed. 921-1891 (C. C. E. D. Mo.).
⁴⁸ *son Co.*, 138 Fed. 22-1905 (C. C. A. 2d Cir.).

⁴⁹ 100 Me. 461; 69 Atl. 569-1907.

⁵⁰ *Cutter v. Gudebrod Bros. Co.*, 190 N. Y. 252-1907; 83 N. E. 16.
⁵¹ *Saxlehner v. Eisner & Mendelson Co.*, 88 Fed. 61-1898 (18) (C. C. S. D. N. Y.).

⁵² *Anonyme v. Western Distilling*

substantial recovery based on a rational rule of damages can be had, or where an attempt to separate the defendant's illegitimate profits from his legitimate profits would be based upon conjecture and speculation.⁵² Where damages were only a few dollars, reference to a master to fix amount is properly refused.⁵³ Interest is properly added to the amount ascertained upon an accounting for profits, from the time of the commencement of the action.⁵⁴

§ 243. Destruction or Delivering Up of Offending Articles.— This is sometimes ordered.⁵⁵ Where the goods and labels seized are considered susceptible of a lawful use they will not be ordered destroyed.⁵⁶ Where a plaintiff did not act for six months after he knew of the defendant's unfair conduct, he was given an injunction, but other relief was denied him because of his *laches*.⁵⁷

§ 244. Accounting Refused Where Injunction is Denied.— If the right to an injunction is not established in an unfair competition suit, as by reason of adequate disclaimer and discontinuance by defendant, equity will not retain jurisdiction for the purpose of an accounting; complainant must resort to an action for damages.⁵⁸

§ 245. Contempt of Court by Failure to Obey Injunctions.— In *Siebert v. Eiseman*,⁵⁹ the court refused to punish defendant for contempt, as having violated an injunction against the sale of Abbott's as Angostura bitters, where a salesman had sold to an agent of plaintiff a bottle of Abbott's, with a bill describing it as Angostura, and it did not appear that the salesman intended to sell, or did sell, the bitters as Angostura, and was satisfied that if he did so it was without defendant's approval.

⁵² *Ludington Novelty Co. v. Leonard*, 127 Fed. 155-1903 (C. C. A. 2d Cir.).

⁵³ *Giragosian v. Chutjian*, (Mass.) 80 N. E. 647-1907; *Barnett v. Leuchars*, 34 L. T. (Ch.) N. S. 495-1865.

⁵⁴ *Cutter v. Gudebrod Bros. Co.*, 190 N. Y. 253-1907; 83 N. E. 16.

⁵⁵ *Jones v. Hallworth*, 14 R. P. C. 225-1897.

⁵⁶ *Fischer v. Blank*, 138 N. Y. 244-1893; 33 N. E. 1040.

⁵⁷ *County Chemical Co. v. Frankenburg*, 21 R. P. C. 722-1904.

⁵⁸ *Van Rault v. Schneck*, 159 Fed. 248-1908 (C. C. Wis.).

⁵⁹ 157 Fed. 314-1907 (C. C. N. Y.).

CHAPTER XVII.

DEFENSES.

- SECTION 246.** The defense that the plaintiff and defendant are not in competition with each other.
247. The defense that the name, mark, form, shape or other device in question has not been exclusively used by the complainant but is in common use.
248. The defense that the defendant's article is as good as the plaintiff's.
249. The defense that the defendant has no intent to pass off his goods as plaintiff's goods.
250. The defense that the goods were not marked with any spurious marks or names.
251. The defense that defendant's marks differ sufficiently from complainant's to be capable of registration as distinct marks.
252. The defense that representations objected to by the plaintiff are true.
253. The defense that the deception is due not to the defendant but to a jobber or retailer, or other purchaser, from the defendant.
254. The defense that defendant was only the maker of the label or container complained of and was not responsible for its ultimate use by him for whom it was made.
255. The defense that defendant was acting only as agent for another and received none of the profits.
256. The defense that complainant's title was not properly established.
257. The defense that the offense is too trivial for the court to notice.
258. The defense that plaintiff's goods are worthless or useless.
259. The defense that defendant's name is two or more words, while plaintiff's is one, and hence different.
260. The defense that plaintiff has acted unfairly toward third persons not connected with the suit at bar.
261. The defense that plaintiff is an impostor and deluding the public.
262. The defense that plaintiff is making misrepresentations in his own business.
263. Misrepresentation usually but not always an affirmative defense.
264. The misrepresentation must be as to the subject-matter of the suit.
265. Misrepresentations discontinued before suit is brought.
266. Misrepresentations must be intentional and material.

- SECTION 267. Misrepresentations as to ingredients and the nature and effect of a medical preparation.
268. Misrepresentations must be as to ingredients that are essential.
269. Extravagant claims as to efficacy of medicines.
270. Misrepresentations as to manufacture, place of manufacture, or origin of goods.
271. Misrepresentation as to maker of goods.
272. Continuing use of name of predecessor.
273. Misrepresentation as to unessential details.
274. Misrepresentations implying a claim of monopoly,— Use of term "Patented."
275. Misrepresentation by use of term "Copyrighted" or "Registered."
276. Misrepresentation by laudatory expressions and exaggerated trade phrases.
277. Miscellaneous cases of misrepresentation deemed harmless.
278. Claiming falsely to be a corporation.
279. Use of term "Established in."
280. Abandonment.
281. Kinds of laches.
282. Laches in the sense of mere delay.
283. First user of mark may revoke license implied from laches.
284. No presumption of acquiescence arises from an exclusive right.
285. Material delay bars right to an accounting of profits.
286. Laches may bar right to order for destruction of offending goods.
287. Laches which bars right to preliminary injunction.
288. Acquiescence, in the sense of inaction upon which others have a right to rely.
290. Test by which to determine acquiescence.

Various matters are sometimes set up in defense which hardly require separate consideration here, since the questions involved in such pleas have already been discussed in previous chapters. The defenses now referred to attack the complainant's right to sue, on account of the alleged absence of one or other of the elements of a cause of action for unfair competition. The following are examples of defenses of this sort.

§ 246. The Defense that the Plaintiff and Defendant are not in Competition with Each Other.— It is a valid defense to an action of unfair competition that the defendant is not in the same line of business as the plaintiff, and hence cannot be in direct competition with him. If not in direct competition, the defendant might commit various acts which under ordinary circumstances would be unfair competition, but which by rea-

son of the lack of opposing interest, as between the two parties, would not be considered as unfair competition. An instance of this is where the parties make different articles. The difference must be a decided one to give the defendant the right to use this defense.¹

§ 247. The Defense that the Name, Mark, Form, Shape, or Other Device in Question has not been Exclusively Used by Complainant, but is in Common Use.—Here certain distinctions are to be made. If that which the complainant alleges belongs to him exclusively has really been common property all along, his case obviously fails. But it is not enough that one feature of the goods in question, or of their dress, taken separately, is in common use, because the combination of these features may produce a general effect, which distinguishes the goods to the public eye, so that defendant has in fact so used even these common features as to cause unfair competition. This has already been dealt with under the chapter on Dress.

The general rule in such cases is illustrated by the following statement in *Scriven v. North*.² "A stamp with the words printed in straight lines would identify the defendants' goods as easily as the oval stamp. Granted that the oval form is in common use, the straight is equally common, and was, in fact, used formerly by defendants and complainants alike; and when the proof shows, as it does, that after the complainants adopted the oval form, the defendants adopted a stamp resembling it, when they show no good reason for such change,

¹ *Elgin Nat. Watch Co. v. Loveland*, 132 Fed. 41-1904 (C. C. N. D. Iowa). "It is urged that the business of the defendants as conducted by them is not in competition with that of the complainant; that complainant manufactures watch movements only; that defendants do not manufacture watch movements, but confine their business to sales of watches upon mail orders only, and assortments of jewelry, silverware, and other goods of a cheap class, in

which complainant does not deal, and therefore no injury results or can result to it. It is true that complainant could not complain of the use of the word 'Elgin' by a manufacturer or vendor of some product not of the same general kind as the complainant's. Such a business would not be in competition with it" (p. 51). *Held* unfair competition.

² 134 Fed. 366-1904 (4th Cir.); 67 C. C. A. 348.

or any reason at all, except that, being a common form, they had the right to use it as well as complainants, and we find, as we do, that there is a resemblance between the two, and no reason appears for such resemblance, except that it was calculated to deceive, we must conclude that it was adopted for that purpose " (p. 375).

The common use contemplated by this defense is either a use of what, in its nature, cannot be appropriated by any one trader, or else a use independent of and antecedent to that of the complainant. The mere fact that many others besides the defendant have adopted and are using distinctive features originated by the complainant, in other words that there are many other infringers, is no defense unless the originator has lost his rights by abandonment or dedication to the public, or by long continued acquiescence in public use.

It is true then that the use by the plaintiff of a common form, or shape, or size, which ordinarily anyone may use, may have the effect of preventing the defendant from using it, where it is not essential to the latter's purpose, or where it is adopted with the purpose of deceiving.

Speaking of the method used by defendants in making their goods, the court said in *Chickering v. Chickering & Sons*,³ that it was defendants' duty " to distinguish their pianos from the 'Chickering' pianos, and they cannot plead, in avoidance of that duty, that others of different names used that style of lettering (old English). Their duty was to distinguish, not to imitate."

§ 248. The Defense That the Defendant's Article is as Good as the Plaintiff's.—It is obvious on principle, and well settled by the decisions, that it is no defense that defendant's article is as good as, or even better than, complainant's. The defendant must offer his goods for what they are, and trust to their intrinsic merits to win a market. The wrong to complainant, through diverting trade intended for him, is evident, regardless of the quality of defendant's goods; and, even as far as the consideration of protecting the public is concerned, it is obvious that the right to deceive it, even for its own good, could never be admitted.

³120 Fed. 69-73-1903 (C. C. A. 7th Cir.).

In the first recorded cases relating to trade names, the courts based their interference on the ground that it was unlawful to sell inferior goods, giving out that they were goods of a known brand with which the public associated a particular grade of merit or quality. In most cases, goods made as copies of other goods are in fact inferior. But *Blofield v. Payne*,⁴ a case at law, and *Edelsten v. Edelsten*,⁵ a case in equity, long ago held it to be "an actionable injury to pass off goods known not to be plaintiff's, as and for, the plaintiff's, even though not inferior."⁶ Cheapness is not an offense,—there are markets where cheap articles are more in demand than costly ones. Every man has a complete right to make as cheap an article as he will, but no person has the right to make or sell a cheap and inferior article, dressed in the guise of a superior article made by another, and so deceptively palm it

⁴ 4 B. & Ad. 410-1833, an action of the case. The plaintiff was the manufacturer of a metallic hone for sharpening razors, which he wrapped up in envelopes containing directions for its use and other matters; the same being intended and serving to distinguish his hones from those of others. The defendants had obtained some of the plaintiff's wrappers and used them wrongfully upon hones of their own manufacture, and sold such hones as and for the plaintiff's for their own gain. No proof was given of any actual damage. The jury found for the plaintiff with one farthing damages, and stated that they thought that the defendant's hones were not inferior to the plaintiff's. The defendants then moved for a nonsuit, but the court held that the plaintiff was entitled to recover some damages by reason of the fraudulent use of his wrapper, and refused to grant a rule to show cause. The case decides that

it is no answer to such a suit to show that the simulated article is as good as the genuine manufacture.

⁵ 1 De G. J. & S. 185-1863.

⁶ See *Singer Mfg. Co. v. Loog*, 8 App. Cas. 15-1882, at p. 29; *Prince Mfg. Co. v. Prince's Metallic Paint Co.*, 135 N. Y. 24-1892; 31 N. E. 990; 17 L. R. A. 129 note. Owners of land on which was Prince's iron-ore mine made "Prince's Metallic Paint." Plaintiff, who was successor of original owners, represented to public that that name meant paint made from ore from the original tract and later applied that name to paint made of ore from other tracts. "The jurisdiction of equity to restrain the infringement of trademarks is founded upon the right of property in the plaintiff and its fraudulent invasion," etc. (id. p. 37). The fact that the product of the mines, other than the original mine, which were used were equal to the original mine, held no defense.

off. This is an injury both to the honest manufacturer and to the public.⁷

§ 249. The Defense that the Defendant has no Intent to Pass Off His Goods as Plaintiff's Goods.—The contention that the defendant had no intention of passing off his goods as the goods of the plaintiff is no defense, if, in fact, he was acting unfairly. This is true, although originally the defendant thought he had a right to so sell his goods, and did it honestly. Intent not to injure a rival is not an excuse.⁸ Further cases on this plea will be found in the chapter on Intent.

§ 250. The Defense that the Goods were not Marked with any Spurious Marks or Names.—It is not a defense to an action for illegal use of a trade-mark or name that no spurious mark is put on the goods themselves by the defendant. Where the misrepresentation complained of was done "by an advertisement or misrepresentation in gross," to use Lord Cairns' phrase, it may be "quite as injurious in operation, as the same representation made upon the articles themselves."⁹

§ 251. The Defense that Defendant's Marks Differ Sufficiently from Complainant's to be Capable of Registration as Distinct Marks.—Tests applicable to questions of statutory registration do not control questions of unfair competition. There is no statute in this country to compel the owner of a name or mark to register it. It may be absolutely clear that it can be registered, yet he may prefer not to do that. Is he by this decision to be barred from showing that a rival is making false representations injurious to him? It would

⁷ *Scriven v. North*, 134 Fed. 366-73-1904; 67 C. C. A. 348; *Pillsbury v. Pillsbury-Washburn Flour Mills Co.*, 64 Fed. 841-1894 (C. C. A. 7th Cir). From opinion: "It is no answer to the charge of using a false and simulated brand that the article covered by the brand is of a superior quality to that which the purchaser desires to buy. You may not deceive the purchaser for his own benefit" (id p. 848).

⁸ *Shepard v. Stuart*, Am. T. M. Cas. (Price & S.) 193; 1 B. Phil. 117; *Hier v. Abrahams*, 82 N. Y. 519-1880; *Williams v. Brooks*, 50 Conn. 278-1882; *Ligett & Myer Tobacco Co. v. Hynes*, 20 Fed. 883-1884 (D. C. Ark.); *Gato v. El Modelo Cigar Mfg. Co.*, 6 L. R. A. 823-1889.

⁹ *Singer Machine Manufacturers v. Wilson*, L. R. 3 App. Cas. 376-1877, at p. 389.

amount to this were this defense available, for much damage may be done by names quite different and by marks which are very dissimilar. This defense is practically an attempt to define what similarity is. To do this would tie the court to a definition, which would be a serious error.

In *Mitchell v. Henry*,¹⁰ it was contended that defendant could register his mark, and hence there was no unfair competition. Said the court: "The question is not simply whether or no, putting the plaintiffs' and defendants' marks side by side, one might be so different from the other as to be capable of registration as a distinct mark, or whether the plaintiffs have themselves registered trade-marks which have no greater distinction between them than the distinction between the mark of the plaintiffs and that of the defendants, for slight distinctions between the plaintiffs' marks may distinguish different classes of the plaintiffs' goods, but the question, in my opinion, is whether the defendants are so selling their goods as to pass them off as the goods of the plaintiffs."

§ 252. The Defense that Representations Objected to by Plaintiff are True.—The defense is sometimes set up that the representation by the defendant, to which the plaintiff objects, is a true statement, and the defendant is therefore not in the wrong, because, to use the words of the Supreme Court of the United States: "Equity will not enjoin against telling the truth."¹¹ This statement has been qualified by the Missouri court, which says that "this remark must be limited to cases where the truth is honestly told, and can have no application to a case where it is told with intent to deceive and does deceive."¹² The truth can be told dishonestly with fraudulent intent. It might be said that the principal mission of the law of unfair competition is to prevent unscrupulous rivals from telling the truth dishonestly and with intent to injure. The malicious trade rival tries to tell the truth about his own name, about the place where he manufactures his goods, about his patents, oftentimes with the sole idea of

¹⁰ 15 Ch. Div. 181-93-1880.

¹¹ *Canal Co. v. Clark*, 80 U. S. 311-1871, at p. 327.

¹² *American Brewing Co. v. St. Louis Brewing Co.*, 47 Mo. App. 14-1891, at p. 20.

so telling it as to injure the business of his competitor. This the law does not allow. In unfair competition cases, literal or formal truth is not enough. The question is, what impression will be made on the public mind? Nor is it a defense to an action, the gist of which is a charge of deception, to reply that the words uttered by the defendant were the literal truth, for the truth may be stated in a way likely to, and that does, deceive. What is required is that a party shall not conduct his business so that, by what he says or does, he deceives customers to their injury, or to that of a competitor.¹³

§ 253. The Defense that the Deception is Due not to the Defendant, but to a Jobber or Retailer or Other Purchaser from the Defendant.—It is well settled that a manufacturer who puts in the hands of the immediate purchaser the means of deceiving the ultimate purchaser is chargeable with unfair competition. The possibility that the retailer may not be honest in such matters must be taken into account by the manufacturer. The courts would be without power to give aid in a large number of these cases were their right to grant relief limited to cases where the immediate customer is deceived. Whether “the trade”—the jobbers—are deceived is not the question. The English decisions are most emphatic on this point. “It was argued that the defendant had nothing to do with the deception of the public. The answer is obvious. Every person, who, intending to buy a bottle of plaintiff’s sauce gets, instead, a bottle of the defendant’s, is a customer taken from the plaintiff by this deceit; and if this is extensively done, the damage to the plaintiff’s trade would be serious.”¹⁴ “No man is entitled to represent his goods as being the goods of another man; and no man is permitted to use any mark, sign or symbol, device or other means, whereby, without making a direct false representation himself to a purchaser who purchased from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate customer. That being, as it appears to me, a comprehensive statement of what the law

¹³ *N. K. Fairbank Co. v. Swift & Co.*, 64 Ill. App. 479–90–1896.

¹⁴ *Powell v. Birmingham Vinegar Brewery Co.*, 2 Ch. 54–83–1896.

is upon the question of trade-mark or trade designation, I am of the opinion that there is no such thing as a monopoly, or a property in the nature of a copyright, or in the nature of a patent, in the use of any name. Whatever name is used to designate goods, anybody may use that name to designate goods; always subject to this, that he must not, as I said, make directly, or through the medium of another person, a false representation that his goods are the goods of another person. That I take to be the law.”¹⁵

American cases are numerous which are equally emphatic. “Undoubtedly, no one who bought from the defendant was ever deceived. No effort was ever made to delude the trade into the belief that defendant’s salesmen were selling complainant’s goods. But equity regards the consumer as well as the middleman. It is to him, more than to the jobber, or wholesale purchaser, that the various *indicia* of origin with which merchants dress up their goods appeal; and courts will not tolerate a deception devised to delude the consuming purchaser by simulating some well-known and popular style of package. We have, then, the case of a manufacturer who is careful always to sell its goods as its own, but who puts them up in a style of package so similar to that used by one of its competitors, earlier in the market, that unscrupulous dealers, who purchase from the manufacturer in order to sell at retail to consumers, are enabled to delude a large number of such retail purchasers by palming off upon them the goods of the manufacturer as those of its competitor. That this is unfair competition seems apparent, both on reason and authority.”¹⁶ “The testimony is abundant that the goods of defendants were sold as ‘Scriven’s,’ and there is sufficient resemblance in make and marks as to make that deception easy and practicable, and we do not think it is a sufficient answer to say that there are differences which a careful exam-

¹⁵ *Singer Mfg. Co. v. Loog*, 18 Ch. Div. 395-412-13-1880.

¹⁶ *N. K. Fairbank Co. v. R. W. Bell Mfg. Co.*, 77 Fed. 869-78-1896 (C. C. A. 2d Cir.), citing *Read Bros. v. Richardson & Co.*, 45 L. T.

N. S. 54-1881; *Brown v. Mercer*, 37 N. Y. Super. Ct. 265-1874; *Singer Mfg. Co. v. Loog*, 18 Ch. Div. 395-1880; *Lever v. Goodwin*, 36 Ch. Div. 1-1887.

ination would disclose, or that the retailer to whom the manufacturer sells is not himself deceived, if the goods are put up in such a way and marked in such a way that the ultimate purchaser could be deceived into buying them as ' Scriven's ' goods, or that the manufacturer should not be held to liability because the shopkeeper to whom he sells practices a fraud upon his customers. The question as to the measure of such liability and the extent of it might arise upon an accounting, but if he knowingly puts it in the power of the shopkeeper so to deceive, he should be enjoined. The power of the courts is not usually invoked for the protection of the strong and shrewd, who commonly can take care of themselves. It is the ignorant and unwary that generally demand their protection, and courts will be without power to afford a remedy in most cases if their right to grant relief was limited to those cases where the immediate customers were deceived " (p. 375).¹⁷ The fact that the immediate vendees of one who infringes are themselves not deceived is no consequence. The offense is none the less an offense because the original vendors and vendees may all be parties to it.¹⁸

It has been held that two frauds are perpetrated in these cases, first on the ultimate buyer and second on the other manufacturer, who loses trade by it. " The simplest case is where the seller misrepresents to the buyer that the goods which are being offered for sale are the goods, not of the person who made them, but of some other manufacturer. That is a case merely between the buyer and seller. Then comes the case where the manufacturer, by devices which are to accompany the goods on their sale in the market, gets them up in such a form as to be calculated to deceive the ultimate buyer into the belief that the goods which he, the manufacturer, is putting on the market are the goods of some other maker. Here, generally speaking, a double fraud is committed; first, there is the fraud which is perpetrated on the ultimate buyer; and, secondly, there is a fraud perpe-

¹⁷ *Scriven v. North*, 134 Fed. 366-1904; 67 C. C. A. 348.

¹⁸ *Le Page Co. v. Russian Cement Co.*, 51 Fed. 941-1892 (C. C. A. 1st

Cir.); 17 L. R. A. 354. See also to same effect *Enoch Morgan's Sons Co.*

v. Whittier-Coburn Co., 118 Fed. 657-1892 (C. C. N. D. Cal.).

trated on the other manufacturer, who loses part of his trade. In this class of cases the trade is seldom deceived; the retail dealers know from whom they are buying, and if there is a fraudulent device they are rarely taken in by it. But in such a case the manufacturer puts an instrument of fraud in their hands. Now it has been said more than once in this case, that the manufacturer ought not to be held liable for the fraud of the ultimate seller — that is, the shopkeeper or shopkeeper's assistant; but that is not the true view of the case."¹⁹ (Up-held on appeal.)

§ 254. The Defense that Defendant was only the Maker of the Label or Container Complained of, and was not Responsible for Its Ultimate Use by Him for Whom It was Made.—A printer, lithographer, or maker of bottles or packages, who furnishes a manufacturer with material adapted to be used by him in unfair competition, is himself liable, provided that, under the circumstances, he were chargeable with notice of the intended use.

Complainant brought a suit for infringement of a trade-mark, against the sellers of goods. In this suit, on stipulation, a decree was entered establishing complainant's exclusive right to the trade-mark from that date, but it was provided that neither defendant nor its customers should be liable for past infringements. Held, that complainant was precluded from proceeding against one who had made and furnished to the defendant in the former suit the offending cartons used by it. The court intimated that a printer, lithographer or maker of cartons or wrappers, who, with notice, furnishes to a manufacturer material adapted to be used by him in unfair competition, would be liable.²⁰ See § 22 for full discussion of this question.

§ 255. The Defense that Defendant was Acting only as Agent for Another, and Received None of the Profits.—This fact does not constitute a defense. Agents generally, and officers of a corporation, may be made parties to these actions. The fact that they are not interested pecuniarily will not

¹⁹ *Lever v. Goodwin*, 36 Ch. Div. & Co., 146 Fed. 198-1906 (C. C. 1-1887.

²⁰ *Hillside Chemical Co. v. Munson*

excuse them. A merchant is responsible for unfair competition by his employees if done by them in course of his business. It may not have been ordered or suggested, in fact, it may have been unknown to him,²¹ or it may have been done contrary to his orders.²² In all such cases the merchant himself is liable. The fact that the defendant sold infringing goods as agent for a nonresident, is no reason to refuse injunction on the ground that he does not get the profits.²³

§ 256. The Defense that Complainant's Title was not Properly Established.—Defects in the title, under which complainant claims his rights, cannot be availed of by an infringer, so long as complainant is, at the time, in the actual possession or use of the name, mark, etc. The defendant's act is none the less unfair because instead of passing off his goods as the goods of another he is representing some other man's goods as his, or that he is brought to account by someone whose interest in the injured right is not clear. This is a question between that person and the true owner of the right and does not concern him. It is his duty to act fairly.

Actual possession and use of a trade name, or of the goodwill of a business, on the part of complainant, at the time when alleged infringement or unfair competition begins, is sufficient; the defendant cannot set up invalidity in the transfer under which complainant derived title. This rule was applied where defendant alleged that the contract under which complainant derived title and its trade-marks, etc., contained a provision in violation of the anti-trust law.²⁴

§ 257. The Defense that the Offense is Too Trivial for the Court to Notice.—To establish a valid cause of action it must appear either that the offense proved, trivial though it be, is evidence of an intent to continue to commit similar offenses in the future, or that it resulted in real damage to the plaintiff.

²¹ *Yonge v. Ward*, 21 L. T. N. S. 480. 80 Fed. 889-1897 (2d Cir.); 26 C. A. 220.

²² *Grierson v. Birmingham Hotel Co.*, 18 R. P. C. 158.

²³ *R. T. Reynolds Tobacco Co. v. Allen Bros. Tobacco Co.*, 151 Fed.

²⁴ *Walter Baker & Co. v. Sanders*, 819-1907 (C. C. Va.).

Where the plaintiff sold " John Knight's Primrose Soap " and " Primrose Soap," and proved that on November 24, 1903, defendant company sold to one A. H. as " John Knight's Primrose Soap," one bar of a soap not made by plaintiff and inferior in quality, it was held, " the passing off of one bar of soap, by itself, does not constitute a ground of action, unless one of two other things are established: either it was evidence of an intention to continue so doing, or that it occasioned damage to plaintiffs." ²⁵

Again in *Rutter & Co. v. Smith*,²⁶ where " there was a sale of one ounce of tobacco, value unknown, on a single day, without any suggestion that anything of the kind had occurred before, and it seemed to the court not likely to occur again, because the manager who sold the tobacco was no longer in the defendant's service," it was held too trivial a case for injunction, on authority of *Leahy, Kelly & Leahy v. Glover*.²⁷

§ 258. The Defense that Plaintiff's Goods are Worthless, or Useless.—It is not a defense that the plaintiff's goods are technically or scientifically worthless. If there is a market for them they will not be considered worthless by the court. That the public buys them is sufficient proof of their merit.²⁸

§ 259. The Defense that Defendant's Name is Two or More Words While Plaintiff's is One and Hence Different.—Nor is it a defense to an unfair use of a name that the defendant uses it in two words instead of one, as " Silver Pan " instead of " Silverpan." ²⁹ Differences between rival names or makes must be reasonably distinct.

§ 260. The Defense that Plaintiff has Acted Unfairly Toward Third Persons not Connected with the Suit at Bar.—This is no defense; such misconduct must relate to the subject-matter of the action.³⁰ But where the plaintiff, a butter concern, was shown to have sent its wrappers to dealers in low-grade butter to use to put up inferior butter under this brand,

²⁵ *Knight & Sons v. Crisp & Co.*,
21 R. P. C. 670-1904.

²⁶ 18 R. P. C. 49-1901.

²⁷ 10 R. P. C. 141-1891.

²⁸ *Hostetter v. Martinoni*, 110 Fed.
524.

²⁹ *Faulder & Co., Ltd. v. O. & G. Rushton, Ltd.*, 20 R. P. C. 477-1902.

³⁰ *Sperry & Hutchinson Co. v. L. Weber & Co.*, 161 Fed. 219-1908 (C.

C. Ill.).

which was of a better grade, the court refused relief although the plaintiff discontinued the practice two months prior to suit.³¹

§ 261. **The Defense that Plaintiff is an Impostor and Deluding the Public.**—This defense is valid if the plaintiff is deceiving and imposing some fraudulent or worthless article on the public by methods that are not open and *bona fide*. Where a husband and wife had for some years given entertainments or performances under the name of "The Fays," the principal features of which were manifestations of what they claimed to be occult powers, such as mind reading and fortune telling, defendants, former employees, advertised performances of their own in such a manner as to lead some of the public to suppose they were the original Fays. Held, that plaintiffs were precluded from equitable relief on the ground that they were impostors, and were deceiving the public by claiming mysterious powers which they did not possess.³²

§ 262. **The Defense that Plaintiff is Making Misrepresentations in His Own Business.**—One of the defenses most commonly set up in suits for unfair competition, is that the complainant has been guilty of illegal conduct regarding the matter in question, which is abhorrent to the conscience of the court, as by public false representations as to his goods, and should, therefore, be denied relief on the ground that he does not come into court with clean hands. "The principle is general, and is one of the maxims of the Court, that he who comes into a court of equity, asking its interposition in his behalf, must come with clean hands; and if it appears from the case made by him or by his adversary, that he has himself been guilty of unconscientious, inequitable, or immoral conduct in and about the same matters whereof he complains of his adversary, or if his claim to relief grows out of, or depends upon, or is inseparably connected with his own prior fraud, he will be repelled at the threshold of the Court."³³

³¹ *Castroville Co-op. Creamery Co. v. Coe*, 92 Pac. 648 (Cal.).

³² *Fay v. Lambourne*, 124 App. Div. 245-1908 (1st Dept.).

³³ *Simmons Medicine Co. v. Mansfield Drug Co.*, 93 Tenn. 84-1893; 23 S. W. 165.

The defense is peculiar in this; that it does not usually depend upon any consideration of justice to the defendant; but upon considerations of public policy. In this respect it resembles the defense that a contract sought to be enforced is immoral. "*Ex turpi causa non oritur actio.*" A court of equity cannot be expected to protect an exclusive privilege of deceiving the public.³⁴

Said Chief Judge Duer, in *Fetridge v. Wells*,³⁵ "If the sales made by the plaintiff and his firm are effected, or sought to be, by misrepresentation and falsehood, they cannot be listened to when they complain that by the fraudulent rivalry of others their own fraudulent profits are diminished. An exclusive privilege for deceiving the public is assuredly not one that a court of equity can be required to aid or sanction. To do so would be to forfeit its name and character."

The misconduct precluding the suitor from relief most commonly consists of misrepresentations to the public, but does not always take that form. Equity will not come to the aid of those who in business use methods tending to bring opprobrium and disgrace upon competitors. Where an unincorporated association of wage-earning cigarmakers in the nature of a trade union, devised and caused to be affixed to the boxes of cigars made by its members a "Union Label," certifying that the cigars had been made by a first-class workman, a member of the cigarmakers' union, and stating it was "an organization opposed to inferior rat-shop, coolie, prison, or filthy tenement-house workmanship," etc., and the defendant was using or about to use an imitation of this label on cigars not made by the members of the union, an injunction was denied, not only on the ground that, as the association did not manufacture nor sell, it could not have a trade-mark, but also that equity would not relieve against the counterfeiting of such a label,

³⁴ *Hobbs v. Francais*, 19 How. Pr. (N. Y.) 567-1860. "The court does not refuse its aid in such a case, from any regard to the defendant, who is using the same efforts and misrepresentations to deceive the

public; but on the principle that it will not interfere to protect a party in the use of trade-marks which are employed to deceive the public" (at p. 571).

³⁵ 4 Abb. Pr. (N. Y.) 144-48-1857.

since its purpose was to injure nonunion members by covering them with opprobrium, and preventing the sale of their work.³⁶

§ 263. Misrepresentation Usually but not Always an Affirmative Defense.—Misrepresentation is here treated as an affirmative defense, the implication being that the complainant has the benefit of the usual presumption of innocence and that fraud or unconscientious dealing on his part must be affirmatively shown to establish the defense. But a recent federal case suggests that sometimes, especially where the representations are in their nature such as to excite suspicion, it may be the duty of the complainant to allege and prove affirmatively as part of his case the truth of representations made to the public, as, for example, respecting the ingredients or effects of a tonic or medicine.

Where a manufacturer of a preparation who advertised it as of great medicinal value, various details being published as to its origin, ingredients, and preparation, both pleads and proves in a suit for unfair competition, as part of his affirmative case, the truth of the representations thus made to the public, he cannot cast upon the defendant the burden of proving their falsity. He cannot complain that proving the truth of his representations will involve the disclosure of a secret process. He should not publish that which, if true, he is unwilling to prove.³⁷

§ 264. The Misrepresentation Must be as to the Subject-Matter of the Suit.—We come now to consider what kinds of misrepresentations will constitute a defense in a suit for unfair competition. In the first place, as is said in *Mossler v. Jacobs*,³⁸ the doctrine of unclean hands, “considered as a general rule controlling the administration of equitable relief in particular controversies, is confined to misconduct in regard to, or at all events connected with, the matter in litigation, so that it has in some measure affected the equitable relations subsisting between the two parties, and arising out of the transaction,—it does not extend to any misconduct, however gross, which is unconnected with the matter in litigation, and with

³⁶ *McVey v. Brendel*, 144 Pa. St. 235-1891; 22 Atl. 912; 13 L. R. A. 377.

³⁷ *Moxie Nerve Food Co. v. Modox Co.*, 152 Fed. 493-1907 (C. C. R. I.).

³⁸ 66 Ill. App. 571-76-1896.

which the opposite party has no concern." The doctrine of unclean hands "does not repel all sinners from courts of equity, nor does it disqualify any complainant from obtaining relief there who has not dealt unjustly in the very transaction concerning which he complains. The iniquity which will repel him must have an immediate and necessary relation to the equity for which he sues."³⁹

A shirtmaker who sold goods under the name "Eureka Shirts" described himself as patentee. Defendant began to sell shirts by the same name. The plaintiff's description of himself as patentee was held no such misrepresentation as to debar him from relief.⁴⁰

§ 265. Misrepresentations, Discontinued Before Suit is Brought.—Misrepresentations that have been discontinued before the beginning of the suit cannot usually be availed of as a defense, even though complainant's trade might have been built up, in part, by means of them. The authorities are not fully in accord as to this, and the principle should be applied with caution, after considering all the circumstances of the particular case. In such matters the conscience of a court of equity is not controlled by any hard and fast rule.

In *Moxie Nerve Food Co. v. Modox Co.*⁴¹ the complainant made and sold a preparation, largely as a beverage, but also as a "nerve food." Fifteen months before suit it discontinued the false statements which it had for many years been making as to the ingredients of the preparation. In spite of the discontinuance, its business had largely increased. The court considered that these earlier misrepresentations did not preclude relief. "The defense of unclean hands, to avail, must be based upon conditions existing at the time when the party applies for equitable relief. * * * While it is doubtless true that the present business was built in part upon misrepresentation, this is not, in my opinion, a sufficient reason for denying relief to a complainant who has removed the objectionable representations from its labels, wrappers, and other advertise-

³⁹ *Shaver v. Heller & Mers Co.*,
108 Fed. 821-34-1901 (C. C. A. 8th
Cir.); 65 L. R. A. 878.

⁴⁰ *Ford v. Foster*, L. R. 7 Ch. App.
611-1872.

⁴¹ 153 Fed. 487-1907 (C. C. R. I.).

ments, and who has endeavored to conduct its business, making only such representations as are considered warranted by a substantial amount of medical opinion " (p. 489).

In *Johnson & Johnson v. Seabury & Johnson*⁴² the complainant was not debarred from relief by the fact that it had, some years before the suit was brought, falsely represented in its circulars that it was exclusively entitled by act of Congress to use certain devices, such as a red cross, these misrepresentations having been discontinued for about three years. It is said here also that the refusal of the court to aid one coming into court with unclean hands " is based upon the conditions existing when the party applies for aid," citing *Worden & Co. v. California Fig Syrup Co.*⁴³ But discontinuance of questionable acts before suit will not always restore the suitor to a position entitling him to demand the aid of a court of equity.⁴⁴

§ 266. Misrepresentations Must be Intentional and Material.—To preclude complainant from relief, his representations must be both intentional and material, so as to constitute a deliberate fraud upon the public. Allowance will be made for trade exaggerations. Inaccuracies as to minor matters will be disregarded, and the tendency is to construe the language used in a favorable sense. The question is as to the honesty of the intention, and it is important to consider what the actual effect upon the public mind of even inaccurate statements is likely to be, and whether the public will really be misled as to any material point. Misstatements, made in single instances, and quickly withdrawn, will not usually be fatal. They will not be considered false representations which will prevent a complainant from recovering. " But it is not every departure from the strict truth which will be fatal to the plaintiff's case, especially where no one can reasonably be misled thereby." ⁴⁵

Not every exaggerated statement will prevent the plaintiff's recovery; nor is it necessary that plaintiff should have deliberately designed to deceive if the statement must inevitably deceive." ⁴⁶ This line of demarkation between material and

⁴² 69 N. J. Eq. 696-706; 61 Atl. 5-1905.

⁴³ 102 Fed. 334-1900.

⁴⁴ *Seabury v. Grosvenor*, 14 Blatchf. (U. S.) 262-1877.

⁴⁵ Paul Trade-Marks, § 212.

⁴⁶ Paul Trade-Marks, § 315.

fraudulent misrepresentations on the one hand, material and harmless ones on the other, will be better determined through comparison of the cases than by any effort to apply a general rule.

§ 267. **Misrepresentations as to Ingredients, and the Nature and Effect of a Medical Preparation.**—Deliberate misrepresentations as to the ingredients of a food product, medicine or the like, are usually considered material and fraudulent. As is said in *Fetridge v. Wells*,⁴⁷ “no representation can be more material than that of the ingredients of a compound which is recommended and sold as a medicine. There is none that is so likely to induce confidence in the application and use of the compound, and none that, when false, will more probably be attended with injurious and perhaps fatal consequences.” Where one who made and administered the “Keeley remedies” for addiction to liquor, opium and tobacco advertised conspicuously that gold was the principal ingredient, was of great efficacy, and was not injurious, and these were false representations, deliberately made, no gold being used in the “Keeley Cure,” it was held, that this company was precluded from the right to an injunction against a rival chargeable with unfair competition, and that although such misrepresentations were not pleaded or presented to the court, yet the court would, of its own motion, apply the doctrine of “Unclean Hands,” to discourage fraud upon the public.⁴⁸

In a leading case in the Supreme Court,⁴⁹ the plaintiff had spent more than a million dollars in advertising “Syrup of Figs” or “Fig Syrup,” as it was indifferently called by the public; and had *prima facie* become exclusively entitled, in the first place, to use the name “Syrup of Figs” or “Fig Syrup,” regardless of the form of bottle or package in which it was sold, and in the second place, to use the particular dress in which their goods had been offered to the public, and the defendants then put on the market what they designated

⁴⁷ 4 Abb. Pr. (N. Y.) 144-51-1857.

⁴⁸ *Worden v. California Fig Syrup*

⁴⁹ *Memphis Keeley Institute v. Co.*, 187 U. S. 516-1902; 47 L. ed. *Leslie E. Keeley Co.*, 155 Fed. 964-282; 23 Sup. Ct. 161. 1907 (C. C. A.).

as "Syrup of Figs" and "Fig Syrup," their wrappers being a close imitation of those of the plaintiff's. The defendant set up as a separate defense, that the medicine which was to be used as a laxative did not contain figs in any form, but that it consisted of a well-known drug called senna, which has a laxative effect, as a basis, mixed with certain aromatic carminatives. The plaintiffs alleged that, at the outset, the syrup of figs was largely used as one of the ingredients and that for this reason the name was proper; but the court held, that this "would be no justification for continuing the use of the term, after the manufacturers and vendors of the medicine ceased to use fig juice as a material ingredient," and that "even if the term was honestly applied in the first instance, as descriptive, it would none the less be deceptive and misleading when, as is shown in the present case, it ceased to be a truthful statement of the nature of the compound. Nor are we disposed to concede that, under the evidence in the present case, the term 'Syrup of Figs' or 'Fig Syrup' was properly used as descriptive of the nature of the medicine when it was first made. Then, as now, the operative laxative element was senna, and the addition of fig juice was, at the best, experimental, and apparently was intended to attract the patronage of the public by holding out the name of the medicine as 'Syrup of Figs'" (id. p. 537). For these reasons it was held, that the mark and names used were so plainly deceptive as to deprive the plaintiff company of the right to an injunction by a court of equity.

This decision of the Supreme Court confirmed the decisions in two earlier cases in the federal courts, involving the same facts.⁵⁰

⁵⁰ *California Fig Syrup Co. v. Putnam*, 66 Fed. 750-1895 (C. C. Mass.); *California Fig Syrup Co. v. Stearns & Co.*, 73 Fed. 812-1896 (C. C. A. 6th Cir.); 33 L. R. A. 56. See also *Fetridge v. Wells*, 4 Abb. Pr. (N. Y.) 144-1857. The court founds its decision on these cases: *Connell v. Reed*, 128 Mass. 477-1880; *Siegert v. Abbott*, 61 Md. 276-1883; *Alden*

v. Gross, 25 Mo. App. 123-1887; *Prince Mfg. Co. v. Prince Metallic Paint Co.*, 135 N. Y. 24-1892; 31 N. E. 990; 17 L. R. A. 129 note; *Pidding v. How*, 8 Sim. 477-1837; *Leather Cloth Co. v. American Leather Cloth Co.*, 11 H. L. Cas. 523-1865; *Fetridge v. Wells*, 13 How. Pr. (N. Y.) (385-1857; *Manhattan Medicine Co. v. Wood*, 108

A representation as to the ingredients, composition, or origin of the product should, in order to disentitle to relief, be clear and direct, and not depend merely upon doubtful inference or construction. Mere suggestiveness in the form of a name is rarely enough. For example, the use of the word "Alpenkrauter" as the name of a medicine should not be treated as holding out to the public that the medicine is made from herbs grown on the Alps; the inference is too uncertain.⁵¹

An owner of a recipe for making a certain cosmetic sold it under the name of "The Balm of a Thousand Flowers." The defendants commenced to sell a similar article, calling it "The Balm of Ten Thousand Flowers." A temporary injunction was granted, but afterward, upon the coming in of proofs, it was dissolved. It appeared that the main ingredients of the compound were oil, ashes, and alcohol, and not an extract or distillation from flowers. Instead of being a balm, the compound was a soap. It was evident, said the court, that the name was given to it and used to deceive the public, to attract and impose upon the purchasers, and the plaintiff was held to be entitled to no relief.⁵²

In *Wolfe v. Burke*,⁵³ the defendant sold Holland gin under a title including the word "Schnapps," describing it as a "superlative tonic diuretic, anti-dyspeptic, and invigorating cordial," while plaintiff also sold Holland gin under a title of which the word "Schnapps" was part, describing it as "an invigorating tonic and medicinal beverage," and asserting that it "had no equal" as a remedy for various diseases. Its real name and nature were not indicated. The court was of the opinion that the word "Schnapps," whatever may be its signification in the country from which it was imported, was not generally known to mean gin in this country, and therefore held, that the representations of the parties as to the name of the article were calculated to deceive, and said

U. S. 218-1882; 27 L. ed. 706; 2 Sup. Ct. 436; *Cloworthy v. Schepp*, 42 Fed. 62-1890 (C. C. S. D. N. Y.); *Krauss v. Peebles' Sons Co.*, 58 Fed. 585-1893 (C. C. Ohio).

⁵¹ *Dr. Peter H. Fahrney & Sons Co. v. Ruminer*, 153 Fed. 735-1907.

⁵² *Fetridge v. Wells*, 4 Abb. (N. Y.) 144-1857.

⁵³ 56 N. Y. 115-1874.

that, while the gin, properly prescribed and taken, probably did possess some medicinal properties, yet "to palm off this or any other liquor in common use exclusively as a medicine and a specific for certain diseases, under names not generally understood by the community, is a species of fraud which a court of equity should not be called upon to protect" (p. 123).⁵⁴

Selling a prepared food described as "Fruit Puddine" or "pudding," when there was in fact no fruit in the preparation, was held a misrepresentation sufficient to justify the refusal of a preliminary injunction.⁵⁵

A statement on a label that a whiskey is "pure Pepper whiskey" when it is 35 per cent. other whiskey is misrepresentation which will bar recovery in equity. The public are entitled to an accurate statement as to the source and ingredients of goods, if any statement is made. "To bottle such a mixture, and sell it under the trade label and caution notices

⁵⁴*Pidding v. How*, 8 Sim. 477-1837. Plaintiff made a new mixture of tea which he called "Howqua's Mixture." He made false statements as to the teas of which his mixture was composed and as to the mode in which they were procured. *Held*, that courts of equity will not extend their protection to one whose case is not founded in truth. *Perry v. Truefitt*, 6 Beav. 66-1842. One Leathart had invented a mixture for the hair, the secret and recipe for mixing which he had transferred to the plaintiff, a hairdresser and perfumer, who gave to the composition the name of "Medicated Mexican Balm," and sold it as "Perry's Medicated Mexican Balm." The defendant, a rival hairdresser and perfumer, commenced selling a composition similar to that of plaintiff, in bottles with labels closely resembling those used by him. He designated his composition and sold it as "Truefitt's Medicated Mexican Balm."

The plaintiff thereupon filed his bill, alleging that the name or designation of "Medicated Mexican Balm" had become of great value to him as his trade-mark, and seeking to restrain defendant from its use. The plaintiff, in his advertisements to the public, falsely set forth that the composition was a "highly concentrated extract from vegetable balsamic productions" of Mexico, and was prepared from "an original recipe of the learned J. F. Von Blumenbach, and was recently presented to the proprietor by a very near relation of that illustrious physiologist;" and the court refused the injunction, Lord Langdale, M. R., holding that, in the face of such a misrepresentation, the court would not interpose in the first instance, citing with approval *Pidding v. How*, 8 Sim. 477-1837.

⁵⁵*Clotworthy v. Schepp*, 42 Fed. 62-1890 (C. C. N. Y.).

above referred to, is a false representation, and a fraud upon the purchasing public. A court of equity cannot protect property in a trade-mark thus fraudulently used. It is not material whether foreign whiskey mixed with Pepper's is as good or better whiskey than Pepper's or whether the mixture is better than pure Pepper whiskey. The public are entitled to a true statement as to the origin of the whiskey, if any statement is made at all. The complainants and Pepper are not to be protected in a deception of the public, even if it works to the advantage of the public."⁵⁶ Selling whiskey as "Rye Whiskey," "Fine Old Whiskey," and "V. O. S.," used in the trade for "Very Old Stock," when the whiskey "fell far short of what the label and lettering would indicate," and "the bottles were so labeled and lettered to induce the public to believe that they were getting a quality of whiskey far superior to what they actually bought," is misrepresentation.⁵⁷

The fact that the preparation about which the misrepresentation is made is harmless will not cure such misrepresentation. In *Phalon & Son v. Wright* ⁵⁸ the plaintiffs made a perfume called "Extract of Night Blooming Cereus," stating expressly that it was distilled from that flower. In reality it was not made from any flower, but was an alcoholic compound. Held, that, even if the deception were harmless in its effect, it was not to be disregarded, and would debar the party making it from equitable relief.

The fact that a preparation does not contain an ingredient which is mentioned in its name will bar recovery; thus a preliminary injunction against the use of the words "Bromide Quinine" will not be vacated on the petition of the proprietor of "Bromo-Quinine," when the word "Bromo" was used by him to make the public suppose that bromide was a leading

⁵⁶ *Krauss v. Jos. R. Peebles' Sons Co.*, 58 Fed. 585-94-1893 (C. C. Ohio).

⁵⁷ *J. W. Epperson & Co. v. Blu mental*, (Ala.) 42 So. 863-1906.

Other federal cases are: *Paris*

Medicine Co. v. W. H. Hill Co., 102 Fed. 148-1900 (C. C. A. 6th Cir.);

Moxie Nerve Food Co. v. Moxie Co., 152 Fed. 493-1907 (C. C. R. I.).

⁵⁸ 5 Phila. 464-1864.

ingredient of "Bromo-Quinine," whereas the preparation contained no bromide.⁵⁹

Representations that a remedy is made from an herb discovered in Bolivia by a person, when, in all likelihood, neither the person nor the herb ever had any existence, will be condemned. The manufacturer of "Moxie" advertised it not only as a refreshing beverage, but also as "Nerve Food," the chief ingredient being described as a Bolivian herb of great efficacy, discovered by Lieutenant Moxie, and as having medicinal value, especially for nervous diseases. Defendant's evidence made it extremely doubtful whether either Lieutenant Moxie or the Bolivian herb had ever existed, and tended to show that the preparation contained no tonic or medicinal ingredient other than a small amount of bitters, and could not have any marked curative effect. By these statements the complainant forfeited any right to relief, on the ground of its misrepresentations.⁶⁰

Merchants in Great Britain who sold liver pills which they called "Charles Forde's Bile Beans for Biliousness," advertising that their "beans" were based upon an Australian herb, discovered by an eminent scientist named Charles Forde, whereas these statements were wholly false, were denied relief by the Scottish court when a rival began to sell liver pills under the name of "Davidson's Bile Beans," the general get-up of his packages differing considerably from those of complainant's.⁶¹

§ 268. Misrepresentations Must be as to Ingredients that are Essential.—A misrepresentation to avail the defendant must be as to material facts. The fact that beer claimed to be made of Saazer hops and imported barley was made in part of other hops equally good, and of American barley equal in quality to the imported, are not fatal. These were termed by the court distinctions without a difference.⁶² It is an immaterial misrepresentation to say that a whiskey is pure

⁵⁹ *Paris Medicine Co. v. W. H. Hill*
Co., 102 Fed. 148-1900 (C. C. A.
6th Cir.).

⁶⁰ *Moxie Nerve Food Co. v. Modox*
Co., 152 Fed. 493-1907 (C. C. R. I.).

⁶¹ *Bile Bean Mfg. Co. v. Davidson*,
22 R. P. C. 553-1905 (Ct. Sess.).

⁶² *Conrad v. Ubrig Brewing Co.*, 8
Mo. App. 277-1880.

when it contains a small portion of water. The word means pure in the commercial sense.⁶³

§ 269. Extravagant Claims as to Efficacy of Medicines.—Extravagant claims as to the efficacy of a proprietary medicine in curing many forms of disease will not ordinarily deprive the manufacturer of relief in an action for unfair competition, as the medicinal value of such a preparation is rather a matter of opinion than of fact.⁶⁴ See § 276.

In *Siebert v. Gandolf*⁶⁵ the court, on appeal, showed a disposition to apply a liberal construction to expressions contained in advertisements. There was a statement that the bitters contained no intoxicating ingredient, but this was accompanied by another statement that they consisted of "a mixture of certain bitter aromatic and carminative substances, together with alcohol, added as a preservative and solvent." These statements were regarded as consisting partly of extravagant laudations, partly of statements for which there appeared to be some basis in medical opinion, and partly of statements susceptible of a favorable construction when read with other statements, hence not such fraudulent misstatements as to support the defense of "unclean hands." Another illustration of the apparently growing tendency toward lenient construction of language used in advertising is found in *Schuster Co. v. Muller*⁶⁶ where the contention that the labels on certain bottles of bitters were deceptive was overruled, the evidence being that the bitters would not have all the effects on the kidneys claimed for them, but that they would be beneficial for some purposes, and were good bitters, though containing too much alcohol for children.⁶⁷

§ 270. Misrepresentations as to Manufacture, Place of Manufacture, Origin of Goods, Etc.—In general, representations that the product is manufactured at a particular place

⁶³ *Cahn v. Gottschalk*, 14 Daly (N. Y.) 542-1888; 2 N. Y. Supp. 13.

⁶⁴ *Samuel Bros. & Co. v. Hostetter Co.*, 55 C. C. A. 111; 118 Fed. 257; *Moxie Nerve Food Co. v. Holland*, 141 Fed. 202. These later cases show that the cases cited in *Kohler Mfg. Co. v. Beeshore*, 8 C. C. A. 215; 59

Fed. 572, are no longer authority, or at all events are to be applied with great caution.

⁶⁵ 149 Fed. 100-1906.

⁶⁶ 28 App. Cas. (D. C.) 409-1906.

⁶⁷ *Newbro v. Undeland*, 69 Nebr. 821-1903; 96 N. W. 635.

or by particular manufacturers are material. "A court of equity will extend no aid to sustain a claim to a trade-mark of an article which is put forth with a misrepresentation to the public as to the manufacturer of the article, and as to the place where it is manufactured, both of which particulars were originally circumstances to guide the purchaser," according to the Supreme Court of the United States in *Manhattan Medicine Co. v. Wood*.⁶⁸ In that case the maker of "Atwood's Vegetable Physical Jaundice Bitters," claimed, as successor of the founder of the business, Moses Atwood, of Georgetown, Massachusetts, to be entitled to the old trade-marks, names, and labels of the concern. Complainant's labels, however, described the medicine as manufactured by Moses Atwood at Georgetown, Massachusetts, although it was now manufactured at New York, and by complainant.

The court said: "These statements were deemed important in promoting the use of the article and its sale, or they would not have been continued by the assignees of the original inventor. And yet they could not be used with any honest purpose, when both statements had ceased to be true. It is not honest to state that a medicine is manufactured by Moses Atwood, of Georgetown, Massachusetts, when it is manufactured by the Manhattan Medicine Company in the City of New York." Where a trade-mark is attached to a product, the reputation of which is based upon superior material and processes, and special care and skill exercised by the originator of the mark, an assignee of such a business as, for example, the canning of salmon, who continues to use labels falsely, and states that the goods are prepared by the originator, is not entitled to relief against an infringer.⁶⁹ Doubt was expressed whether a geographical term, such as "East Indian," was capable of exclusive appropriation, but the dismissal of the bill was placed on the ground that plaintiffs were defrauding the public by using these words "to denote and to indicate to the public that the medicines were used in the East Indies, and that the formula for them was obtained there, neither of which

⁶⁸ 108 U. S. 218-1882; 27 L. ed. *Improvement Co.*, 60 Fed. 103-1904 (C. C. N. D. Cal.).

⁶⁹ *Alaska Packers' Assn. v. Alaska*

is the fact."⁷⁰ A statement on a label that goods were made at A., when they were made at T., may not amount to a misrepresentation, but if so made as to imply that they were made by the original maker at T., when such was not the fact, that will prevent recovery.⁷¹ Lord Westbury, as Chancellor, held that a false statement that goods were made by an American firm and in part at a place in America, would bar relief.⁷²

A cigarmaker, who sought an injunction restraining defendant, a printer of cigar labels, from imitating his labels, was held to have forfeited his right to relief by representing his cigars, which were made in New York city, to be from a particular plantation in Havana. The fact that the untrue statement was in a foreign language was regarded as making no difference. "It is enough," says the court, "that it is a misrepresentation, calculated to have that effect upon the unwary and unsuspecting."⁷³ Again, where the word "Habana" was conspicuously printed on the cigar label, while only the filler was of Havana tobacco, this use of the word constituted a material misrepresentation to the purchasing public, although the trade were not misled.⁷⁴ And in *Newman v. Pinto*,⁷⁵ a plaintiff was debarred from relief by the fact that his boxes,

⁷⁰ *Connell v. Reed*, 128 Mass. 477-1880.

⁷¹ *Siegert v. Abbott*, 61 Md. 276-1883. Plaintiff's bitters were described on the label as "Aromatic Bitters or Angostura Bitters, prepared by Dr. Siegert, at Angostura, now Port of Spain, Trinidad." Dr. Siegert had been dead for some years, and the factory had been removed to Port of Spain. The court says that it was true that a removal from Angostura to Port of Spain is noted on the label; but it is so noted as to leave the impression that Dr. Siegert, the inventor and original manufacturer, had so removed and was continuing his manufacture at Port of Spain. This was held to be such misrepresentation as to preclude relief.

⁷² *Leather Cloth Co., Ltd. v. American Leather Cloth Co., Ltd.*, 4 De G. J. & S. 137; affirmed in 11 H. L. Cas. 523-1865.

⁷³ *Palmer v. Harris*, 60 Pa. St. 156-1869; *Sherwood v. Andrews*, 5 Am. L. R. N. S. 588-1866; *Symonds v. Jones*, 82 Me. 302-1890; *Hegeman v. Hegeman*, 8 Daly (N. Y.) 1880; *Stachelberg v. Ponce*, 23 Fed. 430, 1885; *Dixon Crucible Co. v. Guggenheim*, 2 Brewst. (Pa.) 321-1869; *Jennings v. Johnson*, 39 Fed. 304-1888; *Feder v. Benkert*, 70 Fed. 613 (C. C. A. 9th Cir.); *Felton v. Sellers Co.*, 4 Brewst. (Pa.) 42-1867 (Sup. Ct. Pa.).

⁷⁴ *Solis Cigar Co. v. Poso*, 16 Colo. 388-1891; 26 Pac. 556.

⁷⁵ 4 R. P. C. 508-1887 (Ct. App.).

taken as a whole, conveyed the misrepresentation that his cigars were made in Havana, this not being the fact. The fact that the plaintiff represented that his powder was made by a London concern and was used by the Queen, when actually it was made in New York, debarred him from relief.⁷⁶ *Uri v. Hirsch*⁷⁷ was a suit for infringement of a trade-mark for whiskey. The use of a trade-mark which represented that whiskey was made in Nelson county, Ky., and was "Old Style Nelson County Pure Rye," etc., when the whiskey was not made by him, but purchased from rectifiers, and was not made in Kentucky, and was not a pure rye but blended, amounted to misrepresentations which deprived the user of the label of the right to equitable relief.

§ 271. **Misrepresentation as to Maker of Goods.**—The Ohio court has gone to the extent of holding that one who represents that he is the maker of a medicine by a formula of his own, when actually it is made by the formula of another person altogether, deceives the public and should be precluded from relief if he asks that his own name, as applied to the medicine and formula, be protected. In *Buckland v. Rice*⁷⁸ complainants used the name "Trommer" as a name for their extract of malt, and included in their advertisements excerpts from standard medical books commending Trommer's preparation. Complainants' extract was really prepared by one Gessner, according to a formula of his own, and not according to any formula or method of Trommer. Held, that this was an attempt to deceive the public, such as would preclude relief against an infringer, so far as concerned the use of the name "Trommer." But a real or apparent inaccuracy of statement as to the origin of goods or their place of manufacture has not been deemed fatal to complainant's standing in a court of equity in some cases. Sometimes, for example, the complainant, describing himself as the manufacturer, does not in fact directly manufacture, but the goods are made by others pur-

⁷⁶ *Hobbs v. Francais*, 19 How. Pr. (N. Y.) 567-1860 (N. Y. Super. Ct.).

⁷⁷ 123 Fed. 568-1903 (C. C. W. D. Mo.).

⁷⁸ 40 Ohio St. 526-1884. See also *Wolfe v. Barnett & Lion*, 24 La. Ann. 97-1872.

suant to his orders or under his direction. In such a case he is hardly to be charged with fraud toward the public.⁷⁹ A person is not guilty of misrepresentation even though he states he is the "sole maker" of an article, when the fact was that he did not make the article at all, it being made by others especially for him.⁸⁰

§ 272. **Continuing Use of Name of Predecessor.**— There are cases in which the continued use of the name of a predecessor in the business as that of the manufacturer, after he had died or transferred his interest, has been held to be legitimate, or, at least, not fatal to the right to relief; for instance, in *Jennings v. Johnson*⁸¹ the plaintiff, whose name was Jennings and who was successor to I. S. Johnson & Co., had a right, it was held, to represent on the label that the liniment was prepared by I. S. Johnson & Co., it being common in such cases to retain the old name. Somewhat analogous was the Benedictine case, in which, however, there was no express statement as to who were manufacturing the cordial. The complainant, a French corporation, manufactured at Fecamp, in Normandy, the "Benedictine" cordial according to the secret recipe formerly used by the Benedictine monks of the Abbey of Fecamp. It was sought to enjoin defendant from selling as "Benedictine," under labels and wrappers so precisely similar as to be indistinguishable from complainants'

"*Wormser v. Shayne*, 111 Ill. App. 556-1904, *infra*; *Regent Shoe Mfg. Co. v. Haaker*, 75 Nebr. 426; 106 N. W. 595-1906. The fact that defendants advertised the shoes sold by them as made by themselves, whereas they were in fact made by others (though as defendants claimed under their special direction), *held* not to be such a material and fraudulent misrepresentation as to preclude them from the relief demanded in their cross-bill.

"*Gluckman v. Strauch*, 99 App. Div. (N. Y.) 361-1904; 91 N. Y. Supp. 223. Plaintiffs who dealt in cigarette papers sought to enjoin the

defendant from fraudulent imitation of their goods in respect to trademark, label, and appearance of package. Plaintiffs' label bore the words "Gluckman & Son, Sole Manufacturers, Paris;" they had no factory or place of business in Paris, but the cigarette papers were manufactured there especially for them, with their name on the watermark. *Held*, that the statement on the label was substantially, though not exactly, true, and did not constitute a false representation of a material fact so as to disentitle them to relief.

"37 Fed. 364-1888 (C. C. Me.).

product, a cordial made by it, at St. Louis, Mo. The defense was that complainants' label was untruthful. Held, that the words "Genuine Benedictine Liquor of the Benedictine Monks of the Abbey of Fecamp" did not import that the cordial was still actually made by the monks, but that it was made according to their formula, and that there was, therefore, no misrepresentation.⁸²

The plaintiff company published the "Gruber Almanack," "J. Gruber's Hagerstown Almanac," which had been issued since 1835 by John Gruber, and after his death by his successors. John Gruber was the ancestor of all but one of the plaintiffs, and the almanac continued to be published for the benefit of his family. Defendants put upon the market an almanac of very similar name, which resembled plaintiffs' closely in general appearance, but set up in defense to a suit for an injunction that plaintiffs were guilty of false representations, such as advertising their almanac as "printed by John Gruber," the almanac containing also a notice, signed "John Gruber," authorizing plaintiff corporation to publish the almanac. Held, that the alleged misrepresentations were not such as to deceive the public, and were immaterial.⁸³

§ 273. **Misrepresentation as to Unessential Details.**—The tendency is toward liberality in construing the wording of labels. The courts are disposed to apply the rule *de minimis non curat lex*, and disregard misstatements as to non-essential details which are not likely to have any material effect upon the mind of the public.⁸⁴ Misrepresentation as to details, where there is no fraudulent intention and where the use of the words may be explained in any reasonable sense consistent with honesty, will not preclude relief against unfair competition. Describing goods as "imported," when

⁸² *Societe Anonyme, etc. v. Western Distilling Co.*, 43 Fed. 416-1890 (C. C. E. D. Mo.).

⁸³ *Gruber Almanack Co. v. Swingley*, 103 Md. 362; 63 Atl. 684-1906.

⁸⁴ *Hoyt v. Hoyt*, 143 Pa. St. 623-1891; 22 Atl. 755; 13 L. R. A. 343. Plaintiffs sold the cologne manufac-

tured by them at Lowell as "Hoyt's German Cologne," but did not represent it to be made in Germany, and placed their name and place of business conspicuously on the labels. Held, that there was no implied misrepresentation as to place of manufacture.

that is not the fact, or describing one's self as "sole agent," although one is the principal, are not fraudulent misrepresentations.⁶⁵ In *Clark Thread Co. v. Armitage*,⁶⁶ it appeared that in the four years preceding his suit, complainant had sent to an agent thirty-one dozen boxes, marked "J. & J. Clark & Co., Paisley," a trade-mark purchased by them from a Scottish firm. Defendant contended this was material misrepresentation, as the thread was not made in Paisley. The court considered that the amount of the sales of those so marked was too insignificant to bar relief. Wormser for eight years sold "Model Hats" at \$1 each, and advertised them by putting a \$1 bill on each hat in his window. Shayne took up the hat business in store next door, put up the sign "The Medal One Dollar Hats," and "The Medal," and put dollar bills on his hats in his windows. Shayne set up as an affirmative defense that the statement advertised by Wormser that he made all his hats, was manufacturer, jobber, and retailer, and hence was able to sell for a dollar was untrue. In reality his hats were made by another house in Massachusetts. Held, that the representation that he was the manufacturer could not under the circumstances defraud his customers or the public. That the fact that Wormser had but seven stores and advertised he had ten did not preclude him from relief; that a misrepresentation must be material to preclude the relief prayed.⁶⁷

It is not dishonest conduct to sell, under the name "Portland," a stove resembling in style and structure a lower-priced stove known on the market as the "Canopy," though differing from it in certain details. As long as there was no other "Portland" stove it was considered that even if this

⁶⁵ *Funke v. Dreyfus & Co.*, 34 La. Ann. 80-1882.

⁶⁶ 74 Fed. 936-1896 (C. C. A. 2d Cir.).

⁶⁷ *Wormser v. Shayne*, 111 Ill. App. 556-1904; *Polsker v. Lucas*, 24 R. P. C. 551-1907 (Ct. Sess. [Scotl.] Outer House). Complainers, who had a number of shops for the sale at retail of shirts and col-

lars, advertised that they manufactured their own goods and had a factory at Belfast and Londonderry. They did not manufacture themselves, but had special arrangements with certain manufacturers, special rooms and machinery being set apart for their work. Held no such misrepresentation as to preclude from relief.

stove had been the same as that sold by others as "Canopy," he had a right to give it another name.⁸⁸ To say regarding pills of domestic manufacture that they were "specially packed for U. S. America" did not necessarily imply that they were imported, and fell "far short of being a false representation."⁸⁹

§ 274. **Misrepresentations Implying Claim of Monopoly — Use of Term "Patented."**—An article is sometimes described as "patented," or a mark or device as "copyrighted" or "registered," where the fact is otherwise. Is that a merely technical inaccuracy, not tending really to mislead the public, or is it intended to convey a false impression, such as that the advertiser has patent rights which give him a monopoly in certain valuable features of his goods? In *Flavel v. Harrison*,⁹⁰ plaintiff made and sold a stove or kitchen range called "Flavel's Patent Kitchener," although it had never been patented, and he was denied a preliminary injunction on the ground that he had falsely described his goods as patented.

Where a company advertised that its method was patented, and its right so to mark exclusive, and no such patent right existed, the Vice-Chancellor of New Jersey said: "It was moreover a falsehood publicly made by advertisements for the apparent purpose of influencing dealers, who were adopting the method of having their names woven on the goods by manufacturers, to deal with complainant only, under penalty of infringement of patent, and it may possibly have had this effect" It was thought that had this false statement appeared in connection with the mark or name on the goods themselves it would clearly have precluded complainant from relief, but that, as it was in fact only a collateral misrepresentation, there might be doubt as to whether it was fatal; but on the ground — among other things — of this misrepresentation, a preliminary injunction was denied.⁹¹ "If a trade-mark represents an article as protected by a patent,

⁸⁸ *Van Horn v. Coogan*, 52 N. J. Eq. 380-1894; 28 Atl. 788.

⁸⁹ *Stirling Silk Mfg. Co. v. Sterling Silk Co.*, 59 N. J. Eq. 394-400-1900; 46 Atl. 199.

⁹⁰ *Beecham v. Jacobs*, 159 Fed. 129-1908 (C. C. A. 2d Cir.).

⁹¹ 10 Hare 467-1853; 19 Eng. L. & Eq. 15.

when in fact it is not so protected, it seems to me that such a statement *prima facie* amounts to a misrepresentation of an important fact, which would disentitle the owner of the trademark to relief in a court of equity against anyone who pirated it."⁹² The mere fact that there has originally been a patent will not excuse the continued representation after the patent expired, unless it can be shown that the word "patent," as applied to a particular article, is no longer understood by the trade or the public to imply an actually subsisting patent, but was merely part of the ordinary designation of the article. *Edelsten v. Vick*⁹³ appears to be disapproved by the case just mentioned.

Cheavin stamped filters "Improved Patent," and also with the words "By Her Majesty's Royal Letters Patent," with a medallion and the royal arms. The patent had expired some years earlier. This was construed as a representation that the patent was still in force, and disentitled plaintiff to relief, although there was doubtless no actual intention to deceive. The court decided it could not assist in the continuance of a misrepresentation.⁹⁴

Describing in circulars a product as patented, when the patent has in fact expired some years before, causes the circulars to give the public to understand that the article is protected by a still subsisting patent, and thus tends to "stifle competition, and to extend the monopoly granted by the patent beyond the term of such grant."⁹⁵

It makes no difference that the representation as to the patent is made in a part only of the advertising matter. Fraudulent matter in any considerable part of the advertising media tinges the whole with that fraud upon which equity looks with disfavor. On the other hand, in a number of cases the use of the word "patent" or "patented," where there was no patent, has been liberally construed as having a meaning consistent with the facts, or has been disregarded as immate-

⁹² *Leather Cloth Co., Ltd. v. American Leather Cloth Co., Ltd.*, 11 H. L. Cas. 523-42-1865.

⁹³ 11 Hare 78-1853.

⁹⁴ *Cheavin v. Walker*, 5 Ch. Div. 850-1877 (Ch. App.).

⁹⁵ *Preservaline Mfg. Co. v. Heller Chemical Co.*, 118 Fed. 103-1902 (C. C. Ill.).

rial. For instance, where a manufacturer of aerated and mineral waters in Dublin and Belfast exported considerable quantities of soda water known as "Club Soda," to Jamaica, and suit was brought to restrain defendants from selling their own soda under the same name, it was set up that plaintiff was debarred from relief, by reason of a false statement on his label, viz., "Manufactured in Ireland by H. M. Royal Letters Patent." The explanation given by plaintiff was that this meant "Manufactured in Ireland by means of patented machinery." This explanation was deemed sufficient by the court, Lord Morris remarking that there was nothing in the evidence to throw doubt upon it or to show that anyone had been or could be deceived by those words, and saying: "The appellant's trade is an honest trade, and their Lordships are not prepared to hold that by reason of some words not designed to mislead, and at most equivocal, the appellant has been guilty of a misrepresentation which disentitles him to relief."⁸⁶ In *Marshall v. Ross*⁸⁷ goods were described as "patent thread," though not really protected by a patent. This was not such a misrepresentation as to deprive the owner of his right to protection against an infringement of his label. It appeared that the goods had, by the usage of many years, acquired the designation of "patent" in the trade.

Registering "Insurance Oil" as a trade-mark in the patent office, and branding goods "Trade-mark Insurance Oil, Pat., Jan. 5th, 1875," was taken to refer to the registration of the trade-mark, and it was held that deception of the public was not sufficiently shown.⁸⁸

§ 275. **Misrepresentation by Use of the Term "Copyrighted" or "Registered."**—The use of such terms as "copyrighted" or "registered" has been liberally dealt

⁸⁶ *Cochrane v. MacNish & Son*, App. Cas. 225-1896.

⁸⁷ L. R. 8 Eq. 651-1869.

⁸⁸ *Insurance Oil Tank Co. v. Scott*, 33 La. Ann. 946-1881. In *Cahn v. Gottschalk*, 14 Daly (N. Y.) 542-1888; 2 N. Y. Supp. 13, plaintiffs'

label contained the words "Pat. Aug. 13th, 1872," this being apparently the date of registry of the trade-mark. Held to be on inaccuracy of small importance, and not indicative of any intent to deceive the public.

with, in a similar way, in many cases. That the word "copyrighted" was used in connection with a trade-mark or trade name on a cigar label, although there was in fact no copyright, has been held an unimportant misrepresentation, and probably an unintentional one, and, so not available as a defense to a suit for infringement.⁹⁰ Although not entitled to use of a word as a technical trade-mark, a dealer had nevertheless registered it as such, and described it on his labels as a "registered" trade-mark. At the time of the registration he knew of no prior use by others, and believed himself entitled to register it. The statement being literally true, though not perhaps conveying an accurate impression, and the intent having been honest, there was no such misrepresentation as to preclude relief.¹

Where the complainant's label included the words "Trade-mark registered, consisting of name, picture, and autograph, November 11, 1843," and yet there was no provision for registering a trade-mark till long after 1843, and the trade-mark was not registered until 1874; but on November 11, 1843, a book title containing the name of the medicine was filed under the copyright, the statement was not construed as dishonest or misleading.²

The case of *Johnson v. Seabury*³ involved a misrepresentation, but it will be noted that there were various circumstances, such as the discontinuance of the misrepresentation, which the court took into account in deciding that the misrepresentation was not fatal. The complainant was widely known as a maker of absorbent cotton and gauze, distinguished by the mark or name of "Red Cross." From 1894 to about 1899, it stated in catalogues and price lists, that by act of Congress the American National Red Cross Society was exclusively entitled to the red cross symbol, and that this society had granted to complainant, in recognition of its services in perfecting surgical appliances and medicinal preparations, the exclusive right to use the red

⁹⁰ *Solis Cigar Co. v. Pozo*, 16 Colo. 388; 26 Pac. 556.

¹ *Sartor v. Schaden*, 125 Iowa 696-1904; 101 N. W. 511.

² *C. F. Simmons Medicine Co. v.*

Mansfield Drug Co., 93 Tenn. 84-100-1893; 23 S. W. 165.

³ 67 Atl. 36-1907 (N. J. Err. & App.).

cross trade-mark on this class of preparations. This was not true, but there was some foundation for it, in that the Red Cross Society had agreed not to contest complainant's exclusive right so to use the red cross trade-mark, in case a pending bill, vesting in the society an exclusive right to the red cross symbol, and at first opposed by complainant, should be passed. Considering the fact that the reputation of complainant's goods, under the mark and name in question, had been established before the first publication of the misrepresentation, and that there was no proof that its trade had been built up by the misrepresentation, and also the fact that the misrepresentation had been discontinued before suit brought, the court held, that the defense of unclean hands could not be availed of.

§ 276. Misrepresentation by Laudatory Expressions and Exaggerated Trade Phrases.—While false statements as to material matters of fact will debar a suitor from relief, mere extravagant or exaggerated commendation of the goods, which are more expressions of opinion than statements of facts, will not have that effect.

Allowance must be made for mere dealers' talk, and for trifling inaccuracies and faults. No one has ever supposed that every statement in an advertisement is a warranty and must be proved true on penalty of losing the whole good-will of the business. "If it can be established in any case that the trade name which the complainant seeks to protect owes its value in any material degree to false representations on his part, we think he is not entitled to the protection of a court of equity. To give him relief would not perpetuate a falsehood by decree of the court as in a case where the false representation is on the face of the trade-mark or label; but it would enable a man to profit by his own wrong, and the court would be in the position of protecting a property right acquired by fraud. But we think there is no presumption that a trade reputation is due to the highly colored or false statements in advertisements. Such statements are not so uncommon as to mislead an ordinary man; most persons discount them."⁴

⁴*Johnson & Johnson v. Seabury*
& Johnson, N. J. Eq. ; 67
Atl. 36-1907, at p. 38.

Representing grindstones as made from "selected" or the "best blue Huron grit" was justified if the quality of the materials used was not inferior to what the trade generally had expected as of the grade indicated.⁵

"This statement, 'sold everywhere,' is on a par with the equally modest suggestion of the defendant, 'that his thread is the latest and best.' This harmless exaggeration is understood and discounted by all. It is not fraud, but merely trade talk. No one is deceived and no one is injured" (p. 899).

In *Moxley Co. v. Braun & Fitts Co.*⁷ Moxley made oleomargarine, which he called "The Only High Grade." The words constituted his trade-mark, Moxley having begun to use it in 1893. Defendant began to use a close copy of the design of plaintiff's label, and used with it these same words. This phrase was treated as a trade exaggeration rather than as a false statement of fact. These words were arbitrary—not capable of exactly defining or describing, the word "only" being used as a bombastic catch word—and the same is true of the phrase "finest goods made." To be deceptive the phrase should read "the only high grade butterine we make." "It is, however," says the court, "insisted by appellant's counsel that the use of the words 'The Only High Grade' is deceptive and misleading, and that a trade-mark which contains false representations will not be protected. If it be true that the phrase or combination of words in question does in fact contain a false assertion of a material fact, made so as to deceive the public, it ought not to receive the protection of a court of equity." As is said in *Manhattan Medicine Co. v. Wood*,⁹ this is but an application of the maxim 'that he who seeks equity must present himself in court with clean hands.' If this case disclosed fraud or deception, or misrepresentation on his part, relief will be denied. The Superior Court found upon the hearing, and, we think correctly, that appellee is not now the only manufacturer of high grade

⁵ *Cleveland Stone Co. v. Wallace*, 52 Fed. 431-1892 (C. C. Mich.).

⁷ *Clark Thread Co. v. Armitage*, 67 Fed. 896-1895 (C. C. S. D. N. Y.).

⁹ 93 Ill. App. 183-1900.

⁶ *Sebastian Trade-Marks* 36; *Bolander v. Peterson*, 136 Ill. 215-1891; 26 N. E. 603; 11 L. R. A. 356.

⁸ 108 U. S. 218-1882, at p. 225; 27 L. ed. 706; 2 Sup. Ct. 436

butterine. In view of this finding, can it in truth be fairly adjudged that the use of that word 'only' discloses fraud or deception or misrepresentation? The conclusion of the learned chancellor in answer to this suggestion was, 'that, after all, what the complainant puts out to the world is simply an opinion.' It is urged by appellant that said phrase 'The Only High Grade' means that appellee's goods are the only butterine in the market of a high grade or character, which is false. To justify such meaning, however, additional words will have to be supplied. As the phrase stands it does not constitute a complete sentence and makes no positive assertion. To express the meaning suggested, it must be made to read 'the only high grade butterine we make,' or to state that appellee is the manufacturer of 'only high grade butterine.' Either construction is forced. The truth must, we think, be admitted to be that the words in controversy are not, when standing as they do, alone by themselves, fairly to be considered as descriptive. They are rather to be deemed arbitrary; not capable of exact definition; and hence cannot be said to assert a falsehood. If, however, they may be regarded as descriptive, the word 'only' seems to us to be in the nature of a mere catch word, expressive of nothing more than the opinion of appellee in a bombastic way that the goods so marked are of such exalted character as to be properly entitled to be considered the only real high grade goods of the kind. Such would, we think, be the public understanding. In like boastful spirit appellant announces that its goods are 'the finest high grade goods made.' There is evidence tending to show that when appellee adopted the device in controversy it was the only manufacturer in the country making only a single grade of butterine, always uniform and of a high grade, all others making lower grades as well, and using therefor cotton seed oil, or a lower and cheaper grade of oleo. It is not denied that appellee's butterine is high grade. No one purchasing it with such understanding would, therefore, be deceived; whether it is the 'only' high grade or not is not, therefore, material. To sustain appellant's contention it would have to appear that the alleged misrepre-

sentations are not only misleading or untrue, but that they are also material and do in fact mislead."¹⁰

Advertisement of an article as "genuine" does not mean that it is the best or purest grade. This too is a trade expression the meaning of which, as used ordinarily, is well understood. Genuine molasses may mean any grade of molasses, so long as it is molasses. To call a jewel a genuine stone from a particular mine would have a much more specific meaning, and he who used it would be held to strict correspondence between name and article. Advertising "Georgia Coon" molasses as "genuine molasses," although it was not genuine cane molasses, but largely glucose, did not imply that it was wholly from sugar cane; held, that the public was not deceived, and that plaintiff was not debarred from relief against the infringement of his trade-mark.¹¹

Extravagant claims on the part of the proprietor of a patent medicine as to its efficacy, such as statements that it will cure a large number of diseases, such statements being in all probability unfounded, do not constitute such fraudulent misrepresentations as to preclude the proprietor from relief against a simulating competitor.

Grosscup, J., has said of such a claim:¹² "It is true that the remedy was advertised by appellant as a cure for more diseases, perhaps, than any remedy could possibly cure. But this, in itself, is not unclean hands. Proprietary medicines, generally, promise more than they do; and for that matter, licensed physicians often do the same. And with proprietary medicines, as with physicians, the object often is to give mere temporary help, under the belief of the patient that he is obtaining a cure. But whether this be an improper use of the public's confidence, or constitutes a practice against public policy, is a question to be decided by the state, through its legislature, and not by the courts under the equitable doctrine of unclean hands; for, so far as this case

¹⁰ *Dadirrian v. Yacubian*, 98 Fed. 872-1900 (C. C. A. 1st Cir.), cited by appellant's counsel.

¹¹ *Western Grocer Co. v. Caffarelli Bros.*, Tex.; 108 S. W. 413-1908.

¹² *Dr. Peter H. Fahrney & Sons Co. v. Ruminer*, 153 Fed. 735-1907 (C. C. A. 7th Cir.).

discloses, proprietary medicines are lawful commerce, and are to be given the freedom of mere trade boasting that ordinary commerce is allowed to enjoy " (p. 737).

Brown, D. J., says:¹³ " It would, perhaps, be consistent with the reasoning in *School of Magnetic Healing v. McAnnulty*,¹⁴ to hold that statements concerning the efficacy of a secret medicine are to such an extent mere matters of opinion or prediction that it is not practically possible to determine as a fact that the claims are so far unfounded as to justify a court in finding false pretenses." See § 269.

§ 277. Miscellaneous Cases of Misrepresentation Deemed Harmless.— Various statements have been held immaterial and harmless — many of which relate to the name of a proprietor or manufacturer. For instance, the use of part of a name for the whole has been held not fraudulent if (1) it was not used with fraudulent intent; (2) no actual deceit resulted.¹⁵ This case would seem inconclusive in this regard. While perhaps there was good intention and no loss or deceit resulted in that particular instance, it is not difficult to imagine cases where such an act on plaintiff's part might cause deception of many persons.

§ 278. Claiming Falsely to be a Corporation.— It has been urged that relief should be denied to those who hold themselves out as a corporation when they are thereby misleading and deceiving the public. Misrepresentation of this sort, to justify the court in refusing the relief must, however, be such as is intended to, or does in fact, mislead or cheat the public — such as operates as a fraud upon the public. The mere use of the name " Standard Distilling Company," without more, is not sufficient to warrant the court in assuming as a fact that

¹³ *Moxie Nerve Food Co. v. Holland*, 141 Fed. 202-1905 (C. C. R. I.).

¹⁴ 187 U. S. 94-1902; 23 Sup. Ct. 33; 47 L. ed. 90.

¹⁵ *Dale v. Smithson*, 12 Abb. Pr. (N. Y.) 237-1861. Use by plaintiff, whose name was Thomas Nelson

Dale, of the name Thomas Nelson was upheld as not being such a false name as would prevent a court from protecting it because, (1) not used with fraudulent intent, but in some way in which plaintiff might have used an emblem; (2) no actual deceit to the public resulted.

the complainant thereby intended to mislead and cheat the public, or that the public thereby was cheated or misled.¹⁶

It is not a valid defense to an action for unfair competition against a corporation that the person whose name forms a part of the corporate name is no longer connected with the corporation. The fact of the name of the person being in the corporate name does not import that he is at the time in question still connected with it.¹⁷

§ 279. Use of Term "Established in."—The words "Established in 1812" may not mean that the person or firm using them were actually in business in 1812, or that the building now in use was built in 1812, but "a customer * * * would probably conclude that complainant had succeeded in some way to the rights of those who began making thread in 1812."¹⁸ Such a phrase may be used so as to deceive when the date of the establishing of a concern is important.

§ 280. Abandonment.—By abandonment is meant the voluntary and intentional disuse or nonuser of the name or mark. With this may also be classed conscious and intentional dedication to the public.

Abandonment is purely a question of intent. Mr. Justice Brown says:¹⁹ "To establish the defense of abandonment it is necessary to show not only acts indicating a practical abandonment, but an actual intent to abandon. Acts which unexplained would be sufficient to establish an abandonment may be answered by showing that there never was an intention to give up and relinquish the right claimed." Lapse of time is merely one circumstance among others to be taken into account in determining whether or not an intentional abandonment is to be inferred.

¹⁶ *Block v. Standard Distilling & Distributing Co.*, 95 Fed. 978-1899 (C. C. Ohio). ¹⁸ *Clark Thread Co. v. Armitage*, 67 Fed. 896-1895 (C. C. S. D. N. Y.), at p. 898.

¹⁷ *Dodge Stationery Co. v. Dodge*, 145 Cal. 380-1904; 78 Pac. 879; *Holmes, Booth & Haydens v. Holmes, Booth & Atwood Mfg. Co.*, 37 Conn. 278-1870. ¹⁹ *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19-31-1900; 44 L. ed. 60; 21 Sup. Ct. 7.

Consent to the appropriation of trade-marks is not to be inferred from long silence and knowledge. "The use of one's trade-mark by another is a continuing wrong, and the right to prevent its continuance can rarely be lost by mere delay of assertion. There must be some element of estoppel."²⁰ Delay will not bar the right to injunction, though it may bar damages.

"In order to deprive a manufacturer of his right to a trade-mark, the use of which has been practically given up for a period of five years, mere discontinuance of user for lack of demand, though coupled with nonregistration and nonassertion of any right, is not enough; there must be evidence of distinct intention to abandon" (head-note).²¹ The burden of establishing abandonment is upon the party affirming it, and intention to abandon will not be inferred from nonuser, especially if only for a short time, as less than one year.²²

"Abandonment of the right to the exclusive use of a distinctive package or other dress for his goods by its originator, who has used it generally and continuously for many years, is not shown by the fact that it has been also used, not only by defendant, but by others, unless it further appears that there has been such acquiescence by complainant as to indicate, not only a practical abandonment, but also an intention to abandon" (headnote).²³ A dedication or abandonment to the public of a trade-mark or trade name will not be inferred where the assent or acquiescence of the proprietor does not clearly appear.²⁴ Mere delay in bringing suit does not show intention to abandon, nor preclude protection.²⁵

"One who, after using an alleged trade-mark for a short time, abandons it for nearly a quarter of a century, has no right to resume its use after it has been long employed by

²⁰ *Michigan Condensed Milk Co. v. Kenneweg Co.*, 30 App. Cas. (D. C.) 491.

²¹ *Mouson & Co. v. Boehm*, L. R. 26 Ch. Div. 398-1884.

²² *Julian v. Hoosier Drill Co.*, 78 Ind. 408-1881.

²³ *Actiengesellschaft V. U. F. v. Amberg*, 109 Fed. 151-1901 (C. C. A. 3d Cir.).

²⁴ *Filley v. Fassett*, 44 Mo. 168-1869.

²⁵ *Williams v. Adams*, 8 Biss. 452-1879 (C. C. Ill.).

another, who has built up under it a large and successful business " (head-note).²⁶ A trade-mark right is to be deemed abandoned by an eight years' nonuser, and cannot be resumed as against one who has used it exclusively during that period (or a substantial part of it), especially if such use has been without intention to appropriate a mark originated by another.²⁷

Complainants' assignor, Martin, was a member of a firm that had for some years used the name " Marguerite " as a trade-mark or trade name for a tooth brush. Gibson, defendants' predecessor, had at the same time been using the name " Marguerite." Martin's firm sued Gibson for infringement and he promised to discontinue using the name. The firm then failed, and Martin went on in business, using the same name. When Martin's firm failed, it abandoned the trade-mark or trade name, and Martin's use of it was to be dated from after the failure, and defendant was entitled to use the similar name. Injunction denied.²⁸

In a technical trade-mark case a discontinuance of the use of " Radium " as a trade-mark for about a year and a half (the word, meanwhile, being used by others), was deemed an abandonment.²⁹

Somewhat more than five years after defendants began to sell goods under a name similar to plaintiffs', plaintiffs brought suit to restrain infringement and passing off. They had known of the acts complained of for nearly, if not quite, the whole time since they were begun. Defendants had advertised their business widely and gradually built up a large trade. This delay barred relief.³⁰

§ 281. **Kinds of Laches.**—Laches differs from abandonment, in that the element of intention is absent. Cases where this defense is set up may be divided into two classes: (1) where

²⁶ *Raymond v. Royal Baking-Pow-* - 155 Fed. 383-1907 (C. C. N. Y.),
der Co., 29 C. C. A. (7th Cir.) 245 Hough, J.
1898; 85 Fed. 231.

²⁷ *Blackwell & Co. v. Dibrell &* 473-1907 (C. C. N. Y.).
Co., 3 Hughes 151-1878 (U. S. C. C. ²⁸ *McCaw, Stevenson & Orr, Ltd.*
Va.). *v. Lee Bros.*, 23 R. P. C. 1-1905

²⁹ *Deutsch v. George R. Gibson Co.*, (Ch. Div.).

there has been mere delay in taking action, and (2) where there has been such acquiescence as to make it inequitable for the suitor to claim the rights originally enjoyed by him against the public at large, or against the particular defendant. The application of the equitable doctrine of laches in unfair competition cases differs somewhat from its application in other branches of equitable jurisdiction.

§ 282. **Laches, in the Sense of Mere Delay.**—The proprietor of a trade name has no occasion, and is not in duty bound to interfere with one using a similar name, unless and until such person enters his field and seeks to deprive him of his trade, and until his business is actually affected by unfair competition. Prior inaction on his part does not constitute *laches*.³¹ Even the fact that one's business is encroached upon does not of itself require one to act, under penalty of forfeiting the right to injunctive relief. Mere delay, unless in any particular jurisdiction the case falls within some statute of limitations, is usually no bar to relief by injunction.

In *Fullwood v. Fullwood*,³² the defendant alleged that, for between two and three years, plaintiff had known all the material facts in pleadings, and consequently set up the defense of *laches*. The court said: "The plaintiff knew of all the material facts which have been brought before me to-day (in 1875); he commenced his action in November, 1876. In my opinion that delay, and it is simply delay, is not sufficient to deprive the plaintiff of his rights. The right asserted by plaintiff in this action is a legal right. He is, in effect, asserting that the defendants are liable to an action for deceit. It is clear that such an action is subject to the Statute of Limitations, and it is also clear that the injunction is sought merely in aid of the plaintiff's legal right. In such a case the injunction is, in my opinion, a matter of course if the legal right be proved to exist. In saying that I do not shut my eyes to the possible existence in other cases of a purely equitable defense, such as acquiescence or acknowledgment and the various other equitable defenses which may be imagined. But mere lapse of time, unac-

³¹ *Sartor v. Schaden*, 125 Iowa 696-1904; 101 N. W. 511. ³² 9 Ch. Div. 176-79-1878.

accompanied by anything else (and to that I confine my observations) has, in my judgment, just as much effect, and no more, in barring a suit for an injunction as it has in barring an action for deceit."

Citing this case, Chief Justice Fuller in *Menendez v. Holt*,³³ says: "Nor will the issue of an injunction against the infringement of a trade-mark be denied on the ground that mere procrastination in seeking redress for depredations had deprived the true proprietor of his legal right."

Judge Duer, in *Amoskeag Manufacturing Co. v. Spear*,³⁴ takes the position that by acquiescence the owner of a mark does not lose his right, whether this acquiescence be expressed or implied; but that his position is rather that of one granting a revocable license, and he is supported in this view by Fuller, C. J., in *Menendez v. Holt* (*supra*).

Duer, J., says: "The consent of a manufacturer to the use or imitation of his trade-mark by another, may, perhaps, be justly inferred from his knowledge and silence; but such a consent, whether express or implied, when purely gratuitous, may certainly be withdrawn, and when implied it lasts no longer than the silence from which it springs; it is, in reality, no more than a revocable license. The existence of the fact may be a very proper subject of inquiry in taking an account of profits, if such an account shall hereafter be decreed; but even the admission of the fact would furnish no reason for refusing an injunction" (p. 614).

Judge Fuller's statement is this: "Where consent by the owner to the use of his trade-mark by another is to be inferred from his knowledge and silence merely, 'it lasts no longer than silence from which it springs; it is, in reality, no more than a revocable license,'"³⁵ citing *Amoskeag Mfg. Co. v. Spear*.

"So far as the act complained of is completed, acquiescence may defeat the remedy on the principle applicable when action is taken on the strength of encouragement to do it, but so far

³³ 128 U. S. 514-23-1888; 32 L. ed. 526; 9 Sup. Ct. 143.

³⁴ 2 Sandf. (N. Y.) 599-1849.

³⁵ *Julian v. Hoosier Drill Co.*, 78 Ind. 408-1881; *Taylor v. Carpenter*, 3 Story 458-1844 (C. C. Mass.).

as the act is in progress and lies in the future, the right to the intervention of equity is not generally lost by previous delay, in respect to which the elements of an estoppel could rarely arise. At the same time, as it is in the exercise of discretionary jurisdiction that the doctrine of reasonable diligence is applied, and those who seek equity must do it, a court might hesitate as to the measure of relief, where the use, by others, for a long period, under assumed permission of the owner, had largely enhanced the reputation of a particular brand "(p. 524).

§ 283. **First User of Mark May Revoke License Implied from Laches.**—The doctrine of *laches* as to stale claims in matters of trust does not apply in full force to unfair competition cases, where acquiescence will not usually be inferred, and even if at one time the facts would justify a presumption of such acquiescence, there still exists in the first user a right of revocation of such acquiescence.⁸⁶

In *Schmidt v. Brieg*,⁸⁷ the plea of *laches* was set up for the first time in the appellate court. The court there said: "The point ought to have been raised at least at the time the motion for a nonsuit was made, the facts having come out in the evidence of the plaintiffs; but conceding for the purposes of the discussion that, notwithstanding the failure of the defendants to set up the plea of *laches* until this time, we think the contention is not supported by the admitted facts. The action was commenced about two years after the plaintiffs discovered the infringements, and the record shows that plaintiff had, prior to the bringing of this action, brought suit against other infringers, and that the defendants not only had notice of this prior litigation, but had changed the color of their label on account of a decision in the court below. The doctrine of *laches*, as applied to stale claims in matters of trust, does not apply with full force to cases of infringement" (p. 681).

For over fifteen years stationers had been selling pens of

⁸⁶ *McCardel v. Peck*, 28 How. Pr. (N. Y.) 120-1864. Controversy related to unfair competition by use of "McCardel House" as name of hotel. In general acquiescence in

the use of a trade name or mark by another is deemed to confer only a revocable license.

⁸⁷ 100 Cal. 672-1893; 35 Pac. 623; 22 L. R. A. 790.

other makers which closely resembled plaintiffs', especially in the use of the arbitrary numeral "303," and it did not appear how far plaintiff had actual knowledge of specific acts of infringement, except that he placed on his boxes a caution to the public against the imitations that were on the market. It was held, that it was no defense that the fraud has been multiplied, and that acquiescence could not be inferred, and that it was revocable if it could be. Acquiescence cannot be inferred from a caution to the public.³⁸

§ 284. No Presumption of Acquiescence Arises from an Exclusive Right.—Where the plaintiff has an exclusive right no presumption of acquiescence can arise. Where a person had long used the name "Blue Lick" for his spring, it was held³⁹ that he had acquired an exclusive right to the name, and whatever money a rival might have expended in the purchase and improvement of an artesian well with the purpose of using the words "Blue Lick" as his trade-mark in the sale of water therefrom, was spent at his own risk; for no presumption of acquiescence by appellees in such wrongful appropriation of their property could arise, nor could they be thus estopped to assert their rights.

§ 285. Material Delay Bars Right to an Accounting of Profits.—But material delay will, as a rule, bar the right to an accounting, although the right to an injunction is not lost; but it will not, even though it be a delay of some years, bar the right to an action at law for damages for misuse of a label or name or mark.⁴⁰ Where the proprietors of a spring take no action for thirty years against one so labeling and selling artificial water, as water from their spring, they are precluded by *laches* from demanding an account of profits during that time.⁴¹

³⁸ *Gillott v. Esterbrook*, 47 Barb. (N. Y.) 455-1867.

³⁹ *Northcutt v. Turney*, 101 Ky. 314-1897; 41 S. W. 21.

⁴⁰ *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19-1900; 44 L. ed. 60; 21 Sup. Ct. 7.

⁴¹ *Amoskeag v. Garner*, 54 How.

Pr. (N. Y.) 297-1876. *La Republique Francaise v. Schults*, 102 Fed. 153-1900 (C. C. A. 2d. Cir.). Labeling bottles of artificial mineral water as "Vichy (Grand Grille)" implies that the water is the natural water from the Grand Grille Spring, and constitutes unfair competition as

If defendants place on goods a cautionary notice, after a former action against them for unfair trading, and it does not prove sufficient to prevent deception, the fact that they attempted to differentiate by the notice may be a reason for refusing to order an accounting of profits against them on a second injunction being issued.⁴²

against those selling the natural water. *Cahn v. Gottschalk*, 14 Daly (N. Y.) 542-1888; 2 N. Y. Supp. 13. It was held that five years' delay in bringing suit, after notice of acts of unfair competition, would bar an accounting of profits, though not the granting of an injunction. *Bissell Chilled Plow Works v. T. M. Bissell Plow Co.*, 121 Fed. 357-1902 (C. C. Mich.), involving a delay of six years, which barred right to damages. *Dr. Peter H. Fahrney & Sons Co. v. Ruminer*, 153 Fed. 735-1907 (C. C. A. 7th Cir.). Complainant notified defendants to desist from the use of a trade name which constituted unfair competition, and defendants refused to do this. Complainant waited four years before proceeding legally against defendants. *Held*, that whatever effect such delay might have upon the right to damages, it did not preclude complainant from injunctive relief. *Low v. Fels*, 35 Fed. 361-1888 (C. C. E. D. Pa.). Plaintiffs were English manufacturers of soap and perfumery, especially of a soap widely known as "Brown Windsor Soap." They had never sold their own article extensively in the United States, but for many years imitations had been made and sold there, without interference on the part of plaintiffs, and it had been generally understood that the name and labels were open to the use of the trade. Defendant conceded that plaintiffs were

entitled to an injunction. *Held*, that they were not entitled to an account of sales or damages. *Harrison v. Taylor*, 11 Jur. N. S. 408-1865. Defendants delayed bringing suit for trade-mark infringement for nearly a year. *Held*, that although entitled to an injunction, plaintiffs had lost their right to an account of profits. Defendants allowed one month in which to discontinue using the mark. *Worcester Brewing Corp. v. Rueter & Co.*, 157 Fed. 217-1907 (C. C. A. 1st Cir.). Complainant, after becoming aware of unfair competition upon the part of the defendant by the use of the trade name of its product ("Sterling Ale"), waited fifteen months before warning defendant and sixteen months before bringing suit. The circumstances indicated that the defendant had no fraudulent intent, and he was shown to have expended a considerable sum in advertising his competing product after complainant had learned of the facts upon which unfair competition was predicated. *Held*, that (while complainant had not lost the right to an injunction) the right to an accounting for profits was waived. In determining the period of delay necessary to bar an accounting, it is an important consideration whether defendant's infringement was deliberate or unintentional.

⁴² *Dr. A. Reed Cushion Shoe Co. v. Frew*, 158 Fed. 552-1908 (C. C. N. Y.).

§ 286. **Laches May Bar Right to Order for Destruction of Offending Goods.**—*Laches* will bar also the right to an order directing destruction or delivery over of goods in hands of defendant which infringe those of plaintiff.⁴³

§ 287. **Laches which Bars Right to Preliminary Injunction.**—A delay of some six months in bringing suit will ordinarily defeat the right to a *preliminary* injunction,— unless complainant's rights pending final hearing cannot be otherwise protected, and unless at the same time the inconvenience of an injunction to defendant would be much less than the inconvenience to complainant of refusing an injunction.⁴⁴ Delay in suing, although not precluding from ultimate injunctive relief, will be considered by the court on an application for a preliminary injunction, and has often been held to bar the right to the interlocutory relief.⁴⁵ The court will, if necessary, guard against the injury which the sudden imposition of an injunction without notice might cause. It is said: "When delay of the owner of a patent or trade-mark to prosecute infringers has been of a tendency to mislead the public or the defendant sought to be enjoined into a false security, and a sudden injunction would result injuriously, it ought not to be granted summarily, but the complainant should be left to his relief at final hearing. So also where as in this instance the extensive use of the trade-mark by others with the implied acquiescence of the owner has contributed to give a reputation and create a demand for the article to which it has been applied which it would not otherwise have acquired, equity should not by any stringent intervention assist the owner to secure these fruits."⁴⁶

Other examples of what has and has not been considered such undue delay in suing as will warrant a court in refusing a preliminary injunction, are found in the note.⁴⁷

* *County Chemical Co. v. Frankenburg*, 21 R. P. C. 722.

* *Stirling Silk Mfg. Co. v. Sterling Silk Co.*, 59 N. J. Eq. 394-1900; 46 Atl. 199.

* *Bissell Chilled Plow Works v. T. M. Bissell Plow Co.*, 121 Fed. 357-1902 (C. C. Mich.).

* *Estes v. Worthington*, 22 Fed. 822-1885 (C. C. S. D. N. Y.).

* *Isaacson v. Thompson*, 41 L. J. (Ch.) N. S. 101-1871. Plaintiff knew of what defendant was doing. The four mistakes alleged occurred, two in December, 1870, one in January, 1871, one in May, 1871. This

§ 288. Acquiescence in the Sense of Inaction upon which Others Have the Right to Rely.—"Acquiescence is where a person who knows that he is entitled to * * * enforce a right, neglects to do so for such a length of time that under the

motion was made for a preliminary injunction December 5, 1871. "But I find he (plaintiff) was in possession of nearly all the evidence in substance which he now possesses, in the summer of last year, and I find no steps taken until that which is called an offensive advertisement appeared. * * * If the case stood on the evidence as it is now before me, and the application had been made in good time, I should have felt it my duty to grant the injunction asked for. * * * But as the plaintiff's case is one which must be the subject of judicial decision, and as he has chosen to wait until this month of November, the bill having been filed on the 4th of November, 1871, and he having known from February, 1871, the danger which had existed all the time, I do not think it is a case in which I am at liberty to grant him the injunction he asks" (at p. 103). *Edward & John Burke, Ltd. v. Bishop*, 144 Fed. 838-1906 (C. C. A. 2d Cir.). Ten years' acquiescence in the conduct of the real, though not the nominal, defendant held to constitute such laches as to bar any right to a preliminary injunction. *C. O. Burns Co. v. W. F. Burns Co.*, 118 Fed. 944-1902 (C. C. S. D. N. Y.). "A preliminary injunction to restrain unfair competition will not be granted on conflicting evidence, where complainant had known of the purposes and practices of the defendant for a year

and a half before commencing suit, during all of which time they were active competitors in business" (headnote). *Von Mumm v. Steinmetz*, 137 Fed. 168-1905 (C. C. S. D. N. Y.). "Although unfair competition, by simulating the dress of complainant's goods, is apparently shown, a preliminary injunction will not be granted, where it appears that defendant has publicly used the same dress for many years" (head-note). *Havana Commercial Co. v. Nichols*, 155 Fed. 302-1907 (C. C. S. D. N. Y.), *Lacombe, J.* While mere delay will not defeat the remedy by injunction, it may be sufficient ground for denying a preliminary injunction. Here the defendants alleged that they had sold their goods under the brand complained of for nineteen years, and although complainant asserted that this was without the knowledge of itself or its predecessors, the court deferred the determination of all questions until final hearing. *Beard v. Turner*, 13 L. T. N. S. 747-1866. After deciding against plaintiff on the merits, the Vice-Chancellor deals with the defense of laches and expresses the opinion that two years' delay in bringing suit would preclude the recovery of damages. (The language may be broad enough to include injunctive relief as also cut off by the delay, but the case cannot be treated as an authority to that effect).

circumstances of the case the other party may fairly infer that he has waived or abandoned his right.”⁴⁸

“Where a person tacitly encourages an act to be done, he cannot afterward exercise his legal right in opposition to such consent, if his conduct or acts of encouragement induced the other party to change his position so that he will be pecuniarily prejudiced by assertion of such adversary claim.”⁴⁹

As distinguished from laches, in the sense of mere delay, we have frequently the case in which, during the delay, rights have grown up or equities arisen which make it inequitable to admit the complainant's claims. In this case the defense may most conveniently be termed that of acquiescence. It involves a principle akin to that of estoppel. The proprietor of the name or mark has stood by and allowed others to use it under such circumstances and for such a time that his consent, or at least an attitude of noninterference on his part, may reasonably be inferred. Others have acted upon the faith of his silence and inaction. At the outset the name or mark was unquestionably his own, but he has allowed the public gradually to appropriate it, until at last it is *publici juris*.

Two leading examples of the loss of the exclusive right to use an originally distinctive name through acquiescing in a general appropriation of it, may be found in the Vichy and Hunyadi cases, decided not long since by the United States Supreme Court.

The proprietors of the original French Vichy mineral water which was named from the place where the springs were located, had failed to interfere in any way, while, for twenty-five years, the defendant had widely sold its “Saratoga Vichy,” and various artificial waters were everywhere sold under the name of Vichy. It was held, that knowledge of these infringements was to be presumed from their notoriety, and that the proprietors of the original Vichy had allowed the name to become general and indicative of the character of the water.

⁴⁸ *Rapalje & Lawrence's L. Dict.*
cited in *Scott v. Thackery*, 89 Cal.
258-62.

⁴⁹ *Swain v. Seamens*, 9 Wall. 254-
1869; 76 U. S. 254; 19 L. ed. 554.

"A clearer case of laches," says the court, "could hardly exist."⁵⁰ It will be noted that in this case, a sovereign state was the complainant, and it was objected that the defense of laches was not available against a sovereignty. On this point it was considered that where a foreign sovereign of state sues in our court on a private or proprietary right, the rule *nullum tempus occurrit regi* cannot be invoked, but that the sovereign is subjected like any other party to the defense of laches, and that this is certainly so when the sovereign is practically a nominal party, suing for the benefit of an individual.

The rights of the owners of the Hunyadi waters were considered in *Saxlehner v. Nielsen*,⁵¹ where the original proprietor of the name "Hunyadi" as applied to mineral waters, having for years allowed the name to be used for other Hungarian waters, was held to have lost his exclusive right. For facts in detail, see *Saxlehner v. Eisner & Mendelson Co.*⁵²

"Where an injunction has been granted by this court, there must, in order to deprive the party who has obtained the injunction of the right to move for committal upon the breach of it, be a case made out almost amounting to such a license to the party enjoined to do the act enjoined against as would entitle him to maintain a bill against others for doing that act. The party enjoined must, I think, show such acquiescence as would be sufficient to create new right in him."⁵³

§ 289. **Test by which to Determine Acquiescence.**—A leading English case on the subject is *Ford v. Foster*,⁵⁴ which lays down a rule by which to ascertain whether as a result of the

⁵⁰ *French Republic v. Saratoga Vichy Spring Co.*, 191 U. S. 427-37-1903; 48 L. ed. 247; 24 Sup. Ct. 145.

⁵¹ 179 U. S. 43-1900; 44 L. ed. 77; 21 Sup. Ct. 16.

⁵² 179 U. S. 19. *Gilka v. Mihalo-vitch*, 50 Fed. 427-1892 (C. C. Ohio). Complainants, who had long sold a cordial known as "Gilka-Kummel," sought to enjoin defendants from selling in another part of the country an imitation cordial. Defendants had been selling in this

manner for some twenty years, but, as they claimed, without knowledge of complainant's rights, on learning of which they had desisted. The court, finding no sufficient evidence that complainants had had any notice of the infringement until very recently, held that laches was not to be imputed to them.

⁵³ *Rodgers v. Nowill*, 3 De G. M. & G. 614-19-1853.

⁵⁴ L. R. 7 Ch. App. 611-1872.

inaction and presumable permission of the original owner a name or mark has really become public property, so that it is too late for him to assert his original right. Mellish, L. J., there says: " Then what is the test by which a decision is to be arrived at whether a word which was originally a trade-mark has become *publici juris*? I think the test must be, whether the use of it by other persons is still calculated to deceive the public, whether it may still have the effect of inducing the public to buy goods not made by the original owner of the trade-mark as if they were his goods. If the mark has come to be so public and in such universal use that nobody can be deceived by the use of it, and can be induced from the use of it to believe that he is buying the goods of the original trader, it appears to me, however hard to some extent it may appear on the trader, yet practically, as the right to a trade-mark is simply a right to prevent the trader from being cheated by other persons, goods being sold as his goods through the fraudulent use of the trade-mark, the right to the trade-mark must be gone " (at p. 628).

The test, therefore, is whether or no the public will be so deceived, by a general use of the name or mark as to believe when they buy goods bearing that name or mark they are getting the particular goods of the one who first used the mark. If the name has become dissociated from the personality or ownership of an individual, it is henceforth the general generic name of the article.

In the " Yorkshire Relish " case, *Powell v. Birmingham Vinegar Brewery Co.*,⁵⁵ the court said: " There is another way in which a name originally a good trade name may lose its character and become *publici juris*, i. e., where the first person using the name does not claim the right to prevent others from using it, and allows other persons to use it without complaint. The name then comes to denote the article and nothing more; the name becomes *publici juris* and anyone who is at liberty to make the article, can call it by the name by which it is usually known. *Ford v. Foster* (*supra*) is the leading authority on this head. No name, however, can become *publici juris* in this way, so long as the person originally entitled to the use of the

⁵⁵ 2 Ch. 54-1896.

name asserts his rights in that respect. Moreover it is for those who assert that a trade name has become *publici juris*, to prove it " (p. 73).

The fact that there has been long continued use of the name, or a similar name, mark, or dress by others than the claimant, at all events throws the burden upon him to prove the exclusive right, and the larger and more general the use by others has been, the stronger will be the evidence required of him.

Lord Kay: " Where persons come and object, in whatever form, to the use of a trade-mark which has been used for a great number of years, it does not follow, as a matter of course, that the use for a great number of years is an absolute bar to obtaining an injunction; but, most certainly, it throws on those who object to the use, the onus of proving that it was originally a fraudulent use, and that it is calculated to deceive; and very much stronger evidence is required where there has been a longer use." ⁵⁶

As these cases just cited state, long general use is seldom regarded as conclusive on the rights of the original owner, but merely throws a burden proportionate to the length of the use on the owner in asserting a right to the mark. In fact, certain cases say that mere delay, " procrastination " as the United States Supreme Court puts it, ⁵⁷ may be ground for denial of an injunction.

While, in general, mere delay in the enforcement of a clear right against one who infringes a trade-mark or is guilty of unfair competition does not bar an action for an injunction, yet long delay under circumstances importing acquiescence in the acts complained of will preclude injunctive relief. This was applied in a case where for eight years there had been acquiescence without objection and with knowledge of the facts. ⁵⁸

⁵⁶ *In re Heaton*, L. R. 27 Ch. Div. 570-76-1884.

⁵⁷ *Menendez v. Holt*, 128 U. S. 514-1888; 32 L. ed. 526; 9 Sup. Ct. 143.

⁵⁸ *Prince's Metallic Paint Co. v. Prince Mfg. Co.*, 57 Fed. 938-1893 (C. C. A. 3d Cir.).

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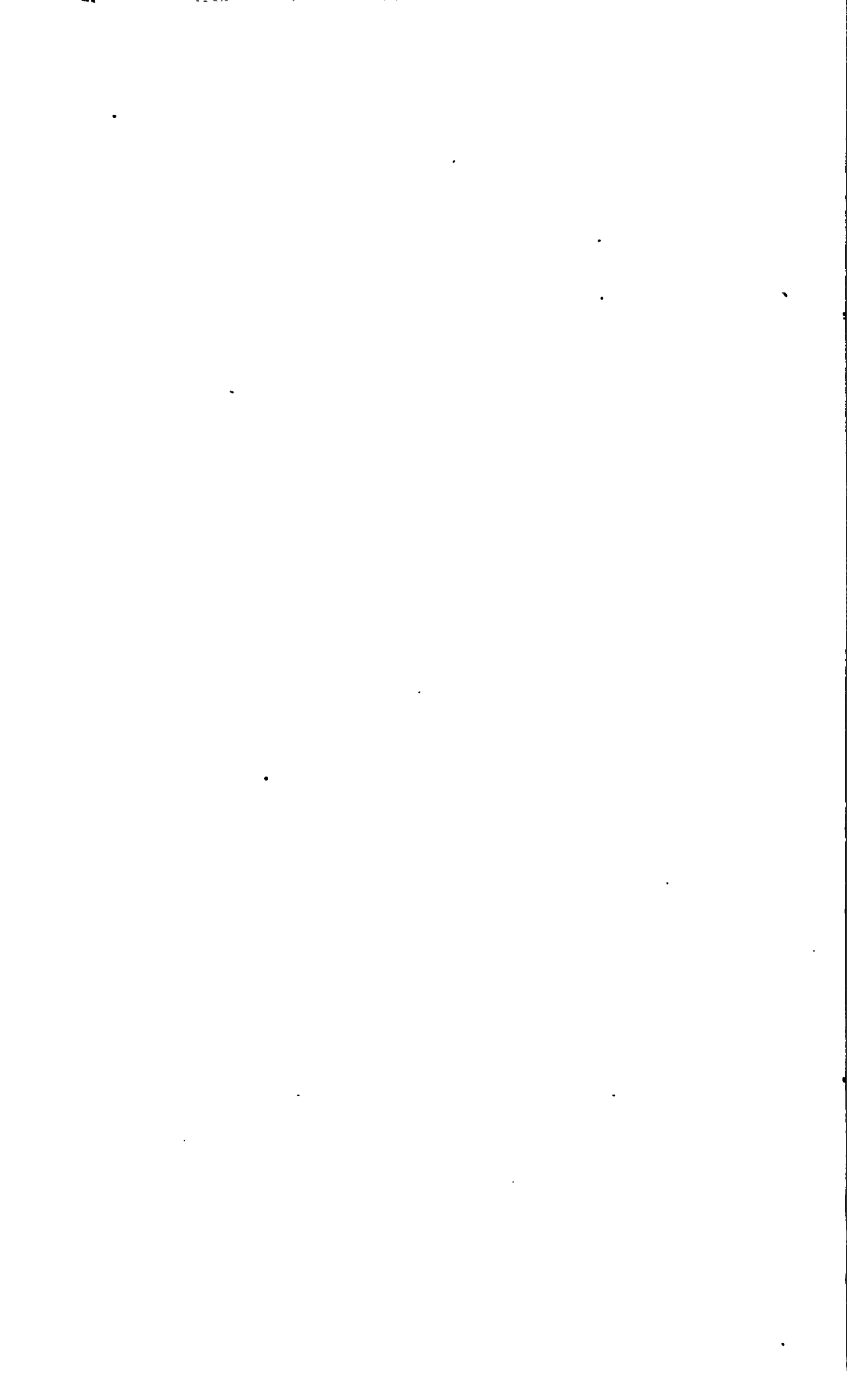
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